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HEARINGS
Before The
Committee on Appropriations
United States Senate
Eighty-Second Congress
Second Session
On
H. R. 6370
An Act Making Supplemental Appropriations
For The Fiscal Year Ending June 30, 1953,
And For Other Purposes

SUPPLEMENTAL APPROPRIATION BILL, 1953

MONDAY, JUNE 30, 1952

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The committee met at 10:30 a. m., pursuant to call, in room F-37, the Capitol, Hon. Kenneth McKellar (chairman) presiding.

Present: Senators McKellar, Hayden, McCarran, O'Mahoney, Maybank, Ellender, Hill, Kilgore, McClellan, Robertson, Ferguson, Cordon, Saltonstall, Knowland, Thye, and Ecton.

Chairman McKELLAR. The committee will come to order.

MUTUAL SECURITY PROGRAM

STATEMENTS OF W. AVERELL HARRIMAN, DIRECTOR FOR MUTUAL SECURITY; C. TYLER WOOD, ASSOCIATE DEPUTY DIRECTOR FOR MUTUAL SECURITY; JOHN E. MURPHY, COMPTROLLER, OFFICE OF THE DIRECTOR FOR MUTUAL SECURITY; WILLIAM C. FOSTER, DEPUTY SECRETARY OF DEFENSE; MAJ. GEN. GEORGE H. OLMSTED, DIRECTOR, OFFICE OF MILITARY ASSISTANCE, DEPARTMENT OF DEFENSE; DAVID K. BRUCE, UNDER SECRETARY; EDWIN M. MARTIN, SPECIAL ASSISTANT TO THE SECRETARY FOR MUTUAL SECURITY AFFAIRS; STANLEY ANDREWS, ADMINISTRATOR, TECHNICAL COOPERATION ADMINISTRATION, DEPARTMENT OF STATE; W. JOHN KENNEY, DEPUTY DIRECTOR; DAVID GORDON, DIRECTOR OF EUROPEAN PROGRAM DIVISION, MUTUAL SECURITY AGENCY

LEGISLATIVE HISTORY

Chairman McKELLAR. I have in my hand a statistical tabulation showing the mutual security appropriation legislative history from the 1952 appropriation to the recent House reduction, which I will ask to have inserted in the record at this point.

(The material referred to follows:)

DEPARTMENT OF STATE A/CDC/MR 87
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Mutual Security Program, 1953

	Title	Area	1952 appropriation	1953 Executive request for authorization	1953 budget estimate	1953 House committee	1953 House floor allowance	House reduction
Military assistance	I	Europe	$4,165,542,057	$4,145,000,000	$3,415,614,750	$3,273,821,750	$3,128,224,750	−$287,390,000
Do	II	Near East and Africa	596,270,000	609,370,000	580,316,500	580,316,500	499,116,500	−81,200,000
Do	III	Asia and Pacific	688,444,000	611,240,000	564,807,500	540,807,500	540,807,500	−24,000,000
Do	IV	American Republics	38,150,000	62,409,000	57,685,750	51,685,750	51,685,750	−6,000,000
Total, military assistance			5,288,386,057	5,425,000,000	4,598,424,500	4,396,634,500	4,219,834,500	−378,590,000
Economic, defense support, technical, and miscellaneous.	I	Europe	1,509,072,890	1,819,209,000	1,282,443,000	1,282,433,000	1,282,433,000	−10,000
Do	I	Spain	100,000,000		(1)	(1)	(1)	
Do	II	Near East and Africa	56,236,000	55,000,000	50,822,750	50,822,750	50,822,750	
Do	II	Palestine refugees	50,000,000	65,000,000	60,033,250	60,033,250	60,033,250	
Do	II	Israel refugees	50,000,000	75,000,000	70,228,000	70,228,000	70,228,000	
Do	III	Asia and Pacific, economic	144,395,845	258,000,000	202,778,250	202,778,250	202,778,250	
Do	III	Asia and Pacific, technical	87,793,000	150,000,000	118,634,250	118,634,250	67,793,000	−50,841,250
Do	III	United Nations Korean Reconstruction Agency.			45,000,000			−45,000,000
Do	IV	American republics	17,845,653	22,000,000	20,329,000	20,329,000	20,329,000	
Do	V	Movement of migrants	10,000,000	10,000,000	9,240,500	9,240,500	9,240,500	
Do	V	Ocean freight	2,843,610	2,800,000	2,587,500	2,587,500	2,587,500	
Do	V	Multilateral technical	12,400,000	17,000,000	15,708,750	15,708,750	9,171,333	−6,537,417
Do	V	Children's fund			16,481,000	16,481,000	6,666,667	−9,814,333
Total, economic, defense support, technical, etc.			2,040,517,019	2,475,000,000	1,894,316,250	1,849,306,250	1,782,113,250	−112,203,000
Grand total			7,328,903,976	7,900,000,000	6,492,740,750	6,245,940,750	[2] 6,001,947,750	−490,793,000

[1] Unobligated balance of $100,000,000 continued available in 1953.
[2] In addition, unobligated balances including $100,000,000 for Spain, of prior year appropriations totaling $809,865,882.

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PREPARED STATEMENT

Chairman McKellar. Mr. Harriman?

Mr. Harriman. Mr. Chairman, may I read a brief statement and submit the balance of it for the record?

Chairman McKellar. All right.

Mr. Harriman. You are coming near the end of a long, arduous session of the Congress. I know the Members desire to finish their business and adjourn.

Therefore, you will not wish to have these hearings prolonged by having placed before you, in great detail, information and opinions which have already been generally disseminated and are well known to you.

I propose to be brief, and to outline only the basic, fundamental aspects of the Mutual Security Program.

You are being asked to appropriate money for this program pursuant to a decision by the Senate and the House that it is an essential element in our common defense against Soviet aggression, and that it is necessary for the security of the United States.

REASONS FOR PROGRAM

This decision was made by the Congress, I believe, largely on the basis of the following considerations:

(1) We are threatened by Soviet imperialistic aims.

(2) It is not in our tradition to fail to meet such a threat, nor, in the interest of our own safety, do we dare to do so.

(3) We need allies in this struggle for their manpower, their bases, their productive capacity, which, if they were at the disposal of Russia, instead of on our side, would place us in a position of extreme danger.

(4) We cannot build a modern defense, nor can we even exist, if we should be cut off from the raw materials in the rest of the free world which are essential to us.

(5) We and our allies have been making very real progress in building our common defenses.

The trend is right and encouraging.

KREMLIN OFF BALANCE

We have the Kremlin off balance, and need only courage and perseverance to win the cold war and prevent a hot one.

Senator Ferguson. Might I inquire, there, when you think we got them off balance?

Mr. Harriman. I think originally with the Marshall plan, when Tito defected. I think that was the first major step.

Senator Ferguson. What year was that?

Mr. Harriman. That was in '48, when Tito defected. That was the beginning of it.

Senator Ferguson. What did we have to do with Tito defecting?

Mr. Harriman. We made it clear that the free world was going to stand together and that he had a chance to survive if he broke away.

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OPPOSITION OF TITO

Senator FERGUSON. Do you consider that Tito is part of the free world?

Mr. HARRIMAN. No; I didn't refer to him as a part of the free world, but I referred to him as having a chance to survive on an anti-Stalin policy since the free world was getting stronger.

I am not defending his regime, am not in support of it at all, but certainly he himself and those around him have no choice but to resist attack.

Senator ROBERTSON. Is it true that the rank and file people of Yugoslavia are extremely nationalistic in their attitude and that one reason that Tito decided to break was that the farmers of that country bitterly resented the Russians' demands upon their operations and the sending of their supplies into Russia with no adequate return from Russia? That is my understanding.

Senator ELLENDER. If you say the people of Yugoslavia are for this regime, why is Tito having such trouble in getting these large farms organized?

Mr. HARRIMAN. I do not think he is going to be successful in that, and I think he will change his policies. And the important consideration is that if they were invaded they would defend their country against invasion from the east.

Senator ELLENDER. Irrespective of whether they agree with Tito's line of endeavor?

Mr. HARRIMAN. They would fight at the present time for their country under the present leadership. Now, obviously, there is a lot of dissatisfaction in the country, but that does not change the readiness of the people, the armies and the people, to support resistance against external invasion.

STRENGTH OF TITO REGIME

Senator ELLENDER. Well, what is your most recent information with respect to these large organizations in Yugoslavia, that is, those engaged in communizing these farmers?

Mr. HARRIMAN. I have not been there since last August.

Senator ELLENDER. I thought you might have some week-to-week reports as to what is going on.

Mr. HARRIMAN. Mr. Bruce can give that in more detail, from the State Department. I have certain information from time to time, but he has current information from the Embassy.

Mr. BRUCE. Do you want it now?

Chairman MCKELLAR. Yes, sir.

Mr. BRUCE. Our information is to the effect that the Tito regime is, if anything, stronger than it has been in previous years, that Tito's own self-interest and that of his followers is directed toward a closer and closer understanding with the west; that the threat of incursion into the Yugoslav territory from satellites on the borders, particularly Bulgaria, although always present, and although they keep a considerable number of troops on the borders, is not regarded as constituting an immediate threat of aggression.

Senator ELLENDER. Mr. Bruce, what I had in mind, and the question I had, was directed to the difficulties if any that Tito has in

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keeping his regime together by organizing or having organized these large organizations, these communal farms. That is what I am talking about.

Mr. BRUCE. Senator, perhaps I might divide that into two portions for an answer.

First of all, they had an industrialization program which was too ambitious to be fully realized. That is going along at a decreased tempo.

Secondly, and probably more important, is the factor that you mentioned, the desire to collectivize the farms. That has met with great resistance, particularly in the more remote rural districts.

And there is a tendency, and I think it is now plainly indicated, on the part of the Yugoslav Government, to diminish that attempt for broad collectivization.

POSSIBLE RETURN TO FREE ENTERPRISE

Senator ELLENDER. What are they going to take as a substitute?

Mr. BRUCE. I suppose like any regime of that nature, they will rationalize the whole business by falling back on something that is agreeable to the great mass of the people.

Senator FERGUSON. What do you say it will be?

Mr. BRUCE. I wouldn't say at this time, Senator, but it would not be a return to free enterprise in our acceptation of the word. I think it would consist of so relaxing these attempts that the average farmer in Yugoslavia would feel that he was guaranteed the possession of his own land. That was at the base, of course, of the great opposition to it.

Senator ELLENDER. Do you know whether or not the Tito regime is now resorting to a system of overtaxation in order to accomplish their ends in regard to communizing these large farms?

Mr. BRUCE. I understand, Senator, that this program has been slackened and the Yugoslav Government, being faced with reality in the way of opposition to its program, is gracefully moderating it.

Senator ELLENDER. That must have taken place in recent months.

Mr. BRUCE. During the last year.

OPERATION OF STATE-FINANCED FACTORIES

Senator ROBERTSON. Is it not true, Mr. Secretary, that the efforts of Tito to build and operate certain state-financed factories have more or less fallen? They did not have the expert workmen and advice to make it go, and he has found out that did not work so well?

Mr. BRUCE. I think, first of all, they did not have the technical capacity to carry through the program they had in mind. And secondly, they did not have the resources in foreign currency to supply themselves with the materials necessary for an overambitious plan of mechanization.

COMMITMENT FROM TITO

Senator KNOWLAND. Specifically what commitment do we have from Tito as to what he will or will not do in exchange for what he is now getting, if the chips are down, outside of this verbal and atmospheric form of assurance?

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Mr. HARRIMAN. We have an agreement which has been negotiated through the State Department with Tito's government as to the use of the equipment that we are supplying them and the obligations which they assume under it.

Have you a copy of that, Mr. Bruce?

Mr. BRUCE. I do not have a copy of it; no.

Senator FERGUSON. What is the substance of that?

Mr. HARRIMAN. Have you the detail of that?

Mr. BRUCE. No; I have not, Mr. Harriman.

Senator FERGUSON. What does it purport to do? How could we use the equipment we are giving them? How could we get in there to use it?

Mr. HARRIMAN. We cannot use it, but there are certain obligations in connection with this, and as far as his statements to me were concerned, they were that he would use it for the defense of Yugoslavia.

FUNDS INVOLVED

Senator MCCLELLAN. Is there any money in this bill for Yugoslavia?

Mr. HARRIMAN. Yes.

Senator MCCLELLAN. How much?

Chairman MCKELLAR. As I understand it, last year we gave them $80 million, and this year the amount is to be $55 million.

Mr. HARRIMAN. That is on the economic side. Out of the original request, which, of course, has been very substantially cut, both by the authorization legislation and, still further, by the House action, the original request was the amount shown on the table before you.

Chairman MCKELLAR. The House allowed only $55 million, did they not?

Mr. HARRIMAN. Yes; for defense support.

Senator KNOWLAND. You said the amount on the table.

ORIGINAL REQUEST

Mr. HARRIMAN. That was the original request, but the total has been cut, of course, very substantially, and Yugoslavia would, of course, take part of that cut.

Senator KNOWLAND. With no firm commitment to him as to what he does if the Soviet do move against us?

Mr. HARRIMAN. There is a firm commitment that he will defend himself.

Senator KNOWLAND. Well, of course he will defend himself, but that is utterly ridiculous. He would do that, presumably, without any help from us whatever. But there is this large amount and not a single commitment that if we get into trouble he will move in concert with us.

Mr. HARRIMAN. He would be ready to do so if we were ready to take mutual obligations, which we have not done. We have not taken the obligation to support Yugoslavia if they are attacked.

Senator CORDON. So you give them that amount of money so that he can defend himself.

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Mr. HARRIMAN. It is very important that he defend himself, because if Yugoslavia is taken over——

Senator CORDON. You mean a small dictator is not as bad as the big one?

Mr. HARRIMAN. He is not interfering with other countries.

Senator FERGUSON. Is that not because of his size? You do not believe that his agreement is with capitalism, do you? He is unalterably opposed to capitalism. Is that not true?

MARXIST SYSTEM

Mr. HARRIMAN. His system is a socialized system.

Senator FERGUSON. It is Marxist, is it not?

Mr. HARRIMAN. Yes.

Senator FERGUSON. And do you think he will fight for capitalism, or for his own neck?

Mr. HARRIMAN. He will fight for the freedom of Yugoslavia.

Senator FERGUSON. And that is his own neck, rather than capitalism.

Senator ELLENDER. Assuming the Senate should go along with the House on the figures voted out, out of this bill——

Mr. HARRIMAN. The Joint Chiefs of Staff have not analyzed the situation yet, and will do so, of course, after the appropriations are made.

Senator ELLENDER. Would you say there would be a reduced apportionment from the amount judged first?

VALUE OF YUGOSLAVIA IN DEFENSE OF FREE WORLD

Mr. HARRIMAN. I can't judge as to the Joint Chiefs, but certainly Yugoslavia would take its share of the cut. But the Foreign Relations and Foreign Affairs Committees have considered in great detail the value of Yugoslavia to the defense of the free world and have by their action expressed their approval of assistance to Yugoslavia. My own judgment is that it is of very great importance.

Senator CORDON. I do not see how this committee is going to intelligently act on any application for increase in the figures of the House, if we do not have the assistance of the Department to the extent of their indicating to this committee how they would allocate the amount of funds that have been appropriated in the House bill. I think we ought to have an itemized allocation of the amount of money included in the House bill according to the best judgment of those who would be responsible for its expenditure. Only in that way can we form any intelligent conclusion as to whether we should add any amount to it, and then at least we would be in a position of having indicated to us where the spending authorities indicated the greatest danger in the lower figures to be, and we could get our own conclusions as to whether or not that presentation was sound. I think that is what we are going to have to have.

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PRIOR ALLOTMENT

Chairman McKellar. How much did Yugoslavia have last year? How much was allotted last year?

Mr. Harriman. $80 million was for defense support.

Chairman McKellar. $80 million?

Mr. Harriman. $80 million.

Senator Knowland. And how much this year?

Mr. Harriman. The request for defense support was reduced this year to $55 million.

Mr. Foster. Last year, Mr. Chairman, it was $40 million, less for military assistance.

Chairman McKellar. Where is the $40 million now? Is that unexpended balance?

Mr. Foster. No, sir. I thought your question, sir, was, How much was used last year for military and end-item assistance?

I was giving you last year's. As to the question of this year's, if I might comment on Senator Cordon's question a moment, what we have done, of course, is to make up an illustrative figure, and it takes a balancing of the figures of all countries to arrive at that.

When the House cut was made, it was approximately 25 percent of what we requested, and purely on an illustrative basis——

Senator Cordon. I am not interested in an illustrative basis for that purpose or for the initial purpose.

Mr. Foster. The making of these, Senator, is a program that takes a couple of months.

REQUEST POSSIBLY PREMATURE

Senator Cordon. Until the program is made, you have no right to come here and ask for money to spend on it, because you have nothing to spend it on.

Mr. Foster. These programs were made on the basis of our request, and the basis of that request was what would best meet the need as the Joint Chiefs and the Defense Department saw it.

Senator Cordon. Let them come in with those figures, then. They are not illustrative at all. They represent the best judgment as to where you would spend the money.

Mr. Foster. This is the best we have on the basis of the facts we had before we came up to your committee, sir.

Senator Cordon. When, before?

Mr. Foster. These present figures were only set last Saturday, sir, and the best judgment we have, I am saying, is that if the over-all 25 percent cut were to remain as made, the best guess I could give you as of today would be that the individual cuts would be approximately 25 percent.

Senator Cordon. How long would you still remain in the field of guess after the decision was made by the Congress?

Mr. Foster. The minute the decision was made, we would immediately start making a new program, and if the present cuts are kept, it may be necessary to eliminate some countries entirely.

Senator Cordon. That is what this committee wants to know.

Mr. Foster. And we cannot give you that, sir, except by an illustrative figure.

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Senator CORDON. Then you cannot get any help from me.
Mr. FOSTER. And that is what is before you here.

HOUSE COMMITTEE REPORT

Chairman MCKELLAR. We have to give reasons about where this money is going. There are all kinds of charges as to how it is wasted, and we must have the facts upon which to act. I want to call attention to the House Committee Report, on page 50:

> The committee notes that the Mutual Security Agency has not included tobacco as an item to be financed. The Agency has indicated that it considers that adequate supplies of leaf tobacco to manufacture products acceptable to consumers are essential to the purposes and objectives of the Mutual Security Program and are necessary to support the defense effort but believes that the requirements for United States tobacco can be financed with dollars from other sources. The committee accepts this explanation but trusts that the Agency will constantly review the tobacco supply situation in the various countries receiving aid under the program and will lend its assistance to see that adequate supplies of tobacco are provided.

That is an illustration of how you use the money.

TOBACCO LOAN

Senator MAYBANK. Mr. Chairman, that is one thing I would like to find out about, because I have gotten hundreds of letters and telegrams from North and South Carolina, and we had a lot of confusion here 2 weeks ago with the Export-Import Bank on a loan of $10 million for tobacco, and it was clearly shown that if the loan had not been made on tobacco, the revenues of the countries would have suffered, because taxes are put on tobacco. I wondered if you have put any provision on tobacco.

Mr. KENNEY. Senator, there is absolutely no prohibition whatever on the purchase of tobacco by these countries. The emphasis in the Mutual Security Act of 1952 is on the use of funds for defense support. Therefore, normally, the dollars that are provided under the previous appropriations, and which would be provided under this, would be to to go to things which are more directly related to defense. That does not in any way mean that the dollars will not be expended for tobacco and, say, other agricultural products within the United States.

Senator MAYBANK. I am glad to hear that, because while I would never be one to suggest how the defense dollars should be spent, because the thing that is most necessary for defense is what you are, of course, supposed by law to carry out; nevertheless, tobacco taxes on the Continent of Europe, as you well know, are revenues that can return to us. France and the other countries in that way get their revenues to permit them to join with us. And Chairman Gaston of the Export-Import Bank, Mr. Chairman, appreciated that, and he granted the loan the other day on that basis, that those taxes that they would get on that tobacco would give them revenues from which France and Germany and the other countries, of course, could build their planes and pay their soldiers or what have you.

Thank you, Mr. Chairman.

Chairman MCKELLAR. I believe it was stated a while ago that Mr. Bruce had another engagement and wanted to be heard.

Would you be willing for him to go ahead now?

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YUGOSLAVIA AND NATO

Senator KNOWLAND. Mr. Chairman, while the Under Secretary is making his statement, I hope you will clarify for the committee somewhat this earlier statement of his in response to a question that I raised as to whether or not Yugoslavia was agreeable to going into the North Atlantic Pact. As an example, my understanding of the statement was that they had not been approached on that subject, because requiring the unanimous action of all the nations, that could not be secured. Now, if Yugoslavia is as important as Mr. Harriman and perhaps the Joint Chiefs of Staff feel that it is, then why is it not equally important to these other nations that are under the Soviet gun for them to eliminate some of their prejudice in the matter? And I want to see how you can square the two statements, that it is important enough for us to put such a large amount into the country, with no commitments, because it is vital to our defense, but that the countries which are in Europe and under the Soviet gun do not feel that it is important enough to associate with them in the same way that they do not feel that Spain is important enough to associate with them?

Chairman MCKELLAR. All right, sir. Go right ahead.

Mr. BRUCE. It may very well be in the long run that states which are not already members of the NATO treaty organization will become members, but at the moment it does appear that we can get most of the benefits of such an association without bringing into dispute that very vexatious question of actual membership.

You may very naturally ask, I think, whether they have undertaken any obligations to us in the event of aggression against a territory other than their own. They have not done so, nor have we pressed them to do so.

On the other hand, we have contracted no obligations ourselves as to the defense of Yugoslavia in case an aggression were perpetrated against it. I think you have there a political situation which is evolving with a certain amount of rapidity.

BREAK BETWEEN YUGOSLAVIA AND RUSSIA

The schism between Yugoslavia and Russia, although the leaders of both countries are Marxists, Communists, in the full sense of the word, is a very interesting thing, for this reason: That Yugoslavia's break with Russia, I think, was largely due to the fact that through the intense nationalism in Yugoslavia they desired not to take their orders directly from Soviet Russia; that their bolshevism or communism is a national manifestation, whereas the great danger to us comes from the fact that we believe that the purposes of Soviet Russia are imperialistic in their nature, in other words, that they have international aims that they wish to carry out by aggression.

In the case of Yugoslavia, at the present time at any rate, there has been no disposition on the part of that Government to extend its control or its philosophy to any neighboring nations.

And I would think, if I may say so, that it would be very inadvisable at this time, nor would it be necessary, to try to bring into association with ourselves under treaty obligations, Yugoslavia, where we have every reason to believe that in the event of an aggres-

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sion against it by the Communists they would be able, with our help, to maintain their own integrity.

THE TRIESTE PROBLEM

Senator KNOWLAND. Assume for the moment that you are correct that it is not politically possible or advisable one way or the other to get them into the North Atlantic Pact; in exchange for this aid, which is substantial, which you are proposing to give them, do we have any specific understanding on the Trieste problem, where in the papers just a little while ago, while the United States and Britain and some of the other countries were meeting in London, Mr. Tito, or at least his government, issued a very belligerent statement shaking their finger at us, that we had better be a little careful about any discussions that we had without his approval?

Now, what has been done to at least get that relatively small problem worked out before we dumped our money, with no strings attached to it, into Yugoslavia?

Mr. BRUCE. Senator, I may respond in this way: I know, Mr. Chairman, the feeling of the committee, and the very natural feeling, that testimony should not in very large part be off the record; but in regard to Yugoslavia, the situation is so delicate that I would like to speak absolutely freely on it, but I think it would be most inadvisable to have any of it in the record.

Chairman MCKELLAR. Very well. Off the record.

(Discussion off the record.)

EFFECT OF JENSEN AMENDMENT

Senator ROBERTSON. I would like to ask a question on the record at this point. Under Secretary Bruce, will you please state for the record what the State Department requested, and the budget authorized, what the authorization bill authorized, how much the House cut you in its final action on Saturday, and how much more you would be cut if the Jensen amendment, which was not recommended by the House committee but was adopted on the floor, was adopted, and what effect the Jensen amendment would have on this; bearing in mind that Mr. McCloy testified to us that he had cut his personnel 40 percent. And we congratulated him.

ECA testified before the Foreign Relations Committee that they had greatly reduced their personnel before turning it over to Mutual Aid. I do not know how much. But it has been a program of cutting personnel.

Now we cut the funds way below what was requested, and we put the Jensen amendment on top of that. I want to know succinctly what was requested, what was authorized, what was the appropriation, and what effect the Jenson amendment would have. Because that is where we have really got to come down to in the final analysis, two items: Are we going to approve the House cut, and if so are we going to superimpose the Jensen cut upon it.

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NECESSITY FOR INFORMATION

Senator KNOWLAND. Mr. Chairman, before the Secretary answers that question, if the implication of the Senator from Virginia is that we cannot go in and get information we are entitled to have, I totally and emphatically disagree with the Senator from Virginia. We have a responsibility to get such information as will justify any recommendation that we will make. And I do not assume that either the Senate Appropriations Committee or the Senate of the United States has to sign a blank check and give to the State Department or any other agency of the Government what it says it wants to have.

We are entitled to have such facts as will satisfy us that the amounts being requested are sufficient, and in the determination of that, I think we are entitled to have answers to some of the questions that we have raised here.

I think we will make more progress if we can get some of those answers, because maybe when we finish we can all agree on just how vital this is.

Senator ROBERTSON. Mr. Chairman, the Senator from Virginia made no such implication. He opened his remarks by saying he was just as much interested as the Senator from California or anybody else in getting the information. We are trying to adjourn this session of the Congress next Saturday. We were aiming to get the material facts on the appropriation in 1 day from this group of State Department and other officials. And tomorrow on atomic energy, and the third day on the military construction bill, and in-between two or three other little agencies that were thrown in here, and that would leave us just two more days to act on this bill in the Senate and get the conference report agreed upon, and adjourn.

POLICY DETERMINATION

Now, of course, they have the right to hear about the policy as to defending Yugoslavia or any agreement with Yugoslavia. But we have spent an hour off the record so far on Yugoslavia. And I say the policy has already been determined, and we have voted for it.

Now, we can stay here all of the week, and we have a perfect right to do it, but we do not adjourn if we do.

Senator KNOWLAND. Well, we had better hold some night sessions. There is a lot of money involved.

Senator ROBERTSON. That is all right with me.

Chairman MCKELLAR. We are going to close the appropriations this week. Go ahead and answer the question, please, sir.

Mr. BRUCE. If I may answer that question, sir, as regards what the Senator from California has said, I think he realizes perfectly that I have been as frank as it is possible to be within the limitations of my knowledge; that we have arrived at no such agreement as perhaps in his opinion he thinks it would be advisable for us to arrive at; that this has been done with great consideration of all of the circumstances involved. And at the present time I would say that in the opinion of the people in the Department of State and also other members of the executive branch of the Government, we think that we have gone along in this particular about as usefully as we presently

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can. As regards this question of the possible association of Yugoslavia with the North Atlantic Treaty Organization, it is not something which is presently under consideration.

Now, to reply to what Senator Robertson asked, Mr. Harriman has those figures and if I may I will refer that to the Mutual Security Administration for answer.

REQUEST MADE BY PRESIDENT

Mr. HARRIMAN. This request was made by the President after the recommendations of all the departments involved. This is not at my say-so, Senator, but it is the Defense Department, State, Mutual Security Agency, and others that have been consulted by the President.

The original request as submitted to the Congress was $7,900,000,000. The authorization bill, after it had been considered by the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House, was passed at $6,492,000,000. The House Appropriations Committee cut still further, down to $6,245,000,000. And the floor, in passing the bill, cut it still further, to $6 billion.

FURTHER DISCUSSION ON JENSEN AMENDMENT

Senator ROBERTSON. The Jensen amendment cut it to $6 billion? Or is that 15 percent cut on top of the cut down to $6 billion?

Mr. HARRIMAN. It was on top. The total amount was cut down to $6 billion by the House action on the floor.

Senator ROBERTSON. And then they adopted the Jensen amendment on top of that?

Mr. HARRIMAN. Oh, yes; I beg your pardon. Then also they cut the personal services down 15 percent.

Senator ROBERTSON. That is the point I wanted to get at.

Senator FERGUSON. Fifteen percent below what?

Chairman McCLELLAN. What was the amount in dollars from the Jensen amendment?

Mr. HARRIMAN. We haven't been able to compile the figures, because the language was rather ambiguous.

Senator ROBERTSON. Ordinarily the Jensen amendment applies only to supervisory personnel, but as it is in here it applies to field forces and everybody else connected with the organization.

Mr. HARRIMAN. But I think the Secretary of Defense and the Secretary of State would want to explain why the Jensen amendment would really destroy the program, because it affects not the supervisory personnel but the blue collar people, the operating men required to carry out the programs which were authorized.

Senator KNOWLAND. How many do you have altogether to which this amendment would apply?

Mr. HARRIMAN. This would apply both to MSA, the State Department, and the Defense Department.

Senator KNOWLAND. What are the total numbers involved in each?

Mr. HARRIMAN. We haven't the figures with us today.

Senator KNOWLAND. It becomes very pertinent that we have them.

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TOTAL PERSONNEL AFFECTED

Mr. FOSTER. May I make a comment on that? In connection with the blue-collar employees in the Department of Defense, it might apply to all of the people that we have packing and storing and inspecting. Because we with the same people not only take care of our own United States force equipment; we also, as a part of the work, pack and store and inspect the MDAP apparatus, so that this Jensen amendment would apply to perhaps 40,000 people in part, Senator.

Senator KNOWLAND. Forty thousand in the Defense Establishment?

Mr. FOSTER. That is correct, sir. Because it applied not only to the individual persons but to their time, even though it is a part of their day. And to separate out the effect of this, is an impossible administrative job.

Senator KNOWLAND. How about the other agencies?

(The information requested follows):

MSA and TCA program positions and amounts in MSP program budget estim for fiscal year 1953 which would be reduced by Jensen amendment

Title	Area	Positions	Amounts for personal services	15 percent reduction
I	North Atlantic	519	$3,666,651	$549,998
II	Near East and Africa	873	7,225,320	1,083,798
III	Asia and Pacific:			
	MSA	237	2,228,816	334,322
	TCA	870	16,633,945	995,092
IV	Latin America	1,106	8,892,761	1,329,414
		1,000	9,723,340	1,458,501
	Grand total	3,507	29,478,072	4,421,711

[1] Does not reflect adjustment which would be required if House reduction of $50,841,250 in covering appropriation were sustained.

Senator FERGUSON. Do you have them paid out of this appropriation? This appropriation only applies to what is in this chapter. It would not touch your people.

Mr. FOSTER. Yes, sir, it would.

Senator FERGUSON. How would it? Are they paid out of this appropriation?

Mr. FOSTER. Yes, sir; because a lot of these people are on the program funds, and the Jensen amendment also applies to the program funds for MDAP.

Senator FERGUSON. Yes, if they are on this payroll.

Mr. FOSTER. Well, their time is charged to this account, Senator.

Senator FERGUSON. But time charged, and being paid, are different things. Are they being paid out of this appropriation?

Mr. FOSTER. The funds are reimbursed out of this appropriation, and it is an after-the-event bookkeeping job.

Senator FERGUSON. Yes; if they are on this payroll.

Mr. FOSTER. Well, their time is charged to this account, Senator.

Senator FERGUSON. But time charged, and being paid, are different things. Are they being paid out of this appropriation?

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Mr. FOSTER. The funds are reimbursed out of this appropriation, and it is an after-the-event bookkeeping job.

Senator FERGUSON. Do we approve that in the military appropriation, that part of these personnel were being paid out of another fund?

Mr. FOSTER. Yes, sir; on the packing shipping inspecting, that is always a part of the program funds.

Senator FERGUSON. Then how much are we actually furnishing out of those funds that are not charged against this fund?

Mr. FOSTER. None at all. This is bookkeeping.

PROVISIONS OF BILL

Chairman MCKELLAR. Let me read from the bill itself:

(b) This section shall not apply to—
(1) not to exceed 25 per centum of all vacancies;
(2) positions filled from within the Mutual Security Agency and related government functions provided for in this Act;

so they are not paid out of this fund.

This is on page 39 of the act:

No part of any appropriation made by this chapter for any purpose shall be used for the payment of personal services in excess of an amount equal to 85 per centum of the amount requested for personal services for such purpose in budget estimates heretofore submitted to the Congress for the fiscal year 1953; and the total amount of each appropriation, any part of which is available for the payment of personal services for any purpose, is hereby reduced by an amount equal to 15 per centum of the amount requested in such budget estimates for personal services for such purpose less an amount representing the reduction, if any, between the amount requested for personal services in the budget estimates and the amount appropriated herein for such services.

And then it makes that exception.

PERSONNEL CUT

Senator FERGUSON. Do I also understand that if this is cut two billion dollars, as it was done by the House on the floor, there would be no cut in the personnel? It would be cut out of other items? Is that the way that the Administrator was going to do with this fund if he got a billion-nine, in other words, below what he had asked for? He was not going to deduct it from the personnel, but he was going to deduct it from other items? Because this only applies 15 percent below the budget estimate, and then it only applies to one out of four of resignations or vacancies. We ought to cut it 10 percent. Because that would not be as much as the House has cut it. What percentage is 1–9 of 7–9?

Mr. FOSTER. It is 24 percent.

Senator FERGUSON. Well, now, a 24 percent cut: It would indicate that when you are not satisfied with this 15 per cent cut, you are going to take it out of other items and not out of personnel. Now, why should we not get a 10 percent cut out of personnel?

Senator SALTONSTALL. Mr. Chairman, I have two questions, one I would like to ask Mr. Bruce and the other I would like to ask either Mr. Foster or Mr. Harriman.

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UNOBLIGATED FUNDS

You have at the present time $809 million unobligated from previous years. Now, is that money at the present moment unobligated, as is stated?

Mr. FOSTER. I can speak only for military assistance.

Senator SALTONSTALL. I will ask that question of Mr. Harriman. Have you got $809 million unobligated?

Mr. HARRIMAN. The answer is "Yes."

Senator SALTONSTALL. The answer is "Yes." Then the House on the floor cut you $490 million. If you have $809 million unobligated, will that not be of great assistance in overcoming that cut?

Mr. HARRIMAN. I would rather have the Under Secretary of Defense explain in detail why these unobligated funds are necessary to carry out the program.

Mr. FOSTER. Mr. Chairman, in military end-item funds, we will carry over an unobligated balance of, speaking conservatively, $668 million.

Senator CORDON. How much?

Mr. FOSTER. $668 million. Of that, during the month of July, for items which are already well-negotiated and very near to contracting, we will obligate another $192 million. Of the balance, of $476 million, which we estimate to be available on August 1, a substantial portion of that is for packing and shipping of the goods ordered under these previous commitments for engineering changes, which we always have, for the withholding of a certain amount of funds which the Navy has estimated over a period of years they need for changes within their programs. I believe that we cannot use those funds, therefore, to make up the cut which the House has made, because they are already scheduled either for items in the program, or will be used for these changes to which I have referred.

Chairman MCKELLAR. We are appropriating here for the year 1953. We have that in addition, anyway.

Senator SALTONSTALL. What you are saying is that out of the $809 million, $141 million will be obligated in the next few days. Beyond that there will be $192 million obligated during the month of July. And the balance, of $476 million, most of it will be needed to pack and send and transport the goods that are already ordered, the goods already ordered under obligation.

Mr. FOSTER. Already programed, sir.

Senator SALTONSTALL. Already programed.

Mr. FOSTER. Yes, sir.

Senator SALTONSTALL. So that you say that practically none of this $809 million will be available for use in the 1953 fiscal year program?

Mr. FOSTER. The difference between my $668 million figure and the $809 million is, I assume, the economic defense support funds.

Mr. KENNEY. No, there are almost no unobligated economic defense support funds, Senator Saltonstall. I believe the difference between these figures is under the technical cooperation.

TOTAL FOR SPAIN AND UNKRA

Mr. MURPHY. That is $141 million that is for Spain and UNKRA, the Korean rehabilitation administration.

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Senator SALTONSTALL. So that $100 million is being saved out for Spain, and $41 million for what?

Mr. MURPHY. For UNKRA, United Nations Korean Rehabilitation Administration.

Senator SALTONSTALL. And so when the House has wiped out the $145 million for UNKRA, they have wiped it out because you are holding $41 million from last year.

Mr. MURPHY. That is correct, sir.

Senator SALTONSTALL. So you do not ask for that cut to be put back.

Chairman MCKELLAR. May I ask what the work is that you are doing over there? Would you mind giving us an outline? Is it river dams like we have over here, or the building of buildings, or the building of houses?

Mr. FOSTER. Sir, I was referring only to military end items.

Mr. HARRIMAN. This UNKRA is the rehabilitation of Korea.

Senator SALTONSTALL. May I get a "yes" or "no" answer to that question?

PUBLIC LAW 400 AUTHORIZATION

Mr. MURPHY. Senator, Public Law 400 authorizes the appropriation of $45 million. The House Appropriations Committee deleted that item, on the grounds that the United Nations Korean Rehabilitation Agency could not begin operations in Korea until 6 months after the cessation of hostilities. They pointed out that since there was $41 million in unobligated funds still available, and with the fact that hostilities had not ceased, probably there would be enough to take care of 1953.

Senator SALTONSTALL. Therefore your group, headed by Mr. Harriman and Mr. Foster, do not object to our leaving out that $45 million?

Mr. MURPHY. No, sir, we feel with the existence of the authorization if a need comes up, we would have the basis on which to approach the committee for an appropriation.

Senator SALTONSTALL. Do you likewise not object to the multilateral technical cut of the House of $6,500,000?

Mr. HARRIMAN. We think that is important, because it helps the United Nations to move forward on a multilateral basis. We think that is important work to be done. Mr. Bruce may wish to supplement that statement. We think it is extremely important from an international standpoint.

Mr. BRUCE. Mr. Chairman, may I come back from the State Department's standpoint and answer several questions which have not yet been replied to?

Chairman MCKELLAR. Indeed you can.

GOVERNMENT IN OCCUPIED AREAS

Mr. BRUCE. First of all, on the government of the occupied areas, which Senator Robertson brought up, I had a telegram this morning from Mr. McCloy on this subject, the pertinent part of which says:

> Urge you inform Senate committee my belief budget as presented extremely tight. I am worried that we have already voluntarily cut too deeply. Much more could have been requested and legitimately justified in view of our unsettled situation.

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I had a telegram yesterday from Mr. Acheson from Vienna saying:

Have just seen wire reporting House action on GOA

that is government, occupied areas—

personnel appropriations. My visit to Berlin and what I have seen so far in Vienna convinces me more than ever of the great importance of our maintaining our position both in Germany and Austria. Any cut in personnel which would cripple our activities in these two countries at this time would have most serious consequences for all of the objectives which we have been striving for during the past several years.

Now, if I understand the testimony which was given by Mr. McCloy regarding Germany, and Mr. Donnelly in connection with the situation in Austria, over a period of years very large reductions in total appropriations for those two areas have been effected, and the present budget for Germany represents again a very considerable reduction. I think that is sufficient for the record, because I think that most of you are familiar with the McCloy and the Donnelly testimony.

(The statement referred to follows:)

JUNE 30, 1952.

Hon. KENNETH MCKELLAR,
Chairman, Committee on Appropriations,
United States Senate.

MY DEAR SENATOR MCKELLAR: It is respectfully requested that your committee give consideration to amending H. R. 8370, Supplemental Appropriation Act, 1953, in chapter IX, title II, "Government in occupied areas," Department of State, 1953.

The following is a summary of the estimate submitted to the Congress for this purpose, the House allowance, the House reduction, and the restoration which the Department is requesting your committee to make:

Appropriation title	Estimate submitted	House allowance	Reduction	Restoration requested
Government in occupied areas, Department of State:				
Germany	$16,700,000	$15,572,500	$1,127,500	$1,127,500
Austria	3,800,000	3,427,500	372,500	247,500
Total	20,500,000	19,000,000	1,500,000	1,375,000

There is enclosed a statement setting forth the amendments desired by the Department by page and line number of the bill as reported by the House Appropriations Committee, and justifications in support thereof. If you or the members of your committee desire any additional information, please let me know.

Sincerely yours,

CARLISLE H. HUMELSINE,
Deputy Under Secretary
(For the Acting Secretary of State).

SUPPLEMENTAL APPROPRIATION ACT, 1953—GOVERNMENT IN OCCUPIED AREAS
DEPARTMENT OF STATE

(House bill, p. 25)

Estimate	$20,500,000
Act (includes pay act cost provided in Public Law 375)	26,880,000
House committee allowance (a reduction of $1,500,000)	19,000,000

FIRST AMENDMENT REQUESTED

The Department requests the following amendment:

Page 27, line 10 strike out "$19,000,000" and insert "$20,375,000," or an increase of $1,375,000.

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EXTRACT FROM HOUSE REPORT

(P. 48)

"The estimates reflected a decrease from the 1952 appropriation predicated on the termination of occupation activities in Germany and the establishment of the United States mission on an embassy basis. However, the committee feels that the decrease proposed was not commensurate with the reduction in functions and services and recommends a further reduction of $1,127,500, thus making $15,572,500 available for Germany.

* * * * * * *

"The situation in Austria remains largely a stalemate. The committee recommends $3,427,500, a reduction of $372,500 in the request, for carrying on the activities in that country. In addition to the dollar appropriation request, it was estimated that the equivalent of $6,211,893 in Austria schillings would be obligated from operating revenues, reimbursement by MSA, ECA surplus schilling deposits and surplus property credits."

JUSTIFICATION

(Program for Germany)

For Germany, the budget included $16,700,000 and the House has allowed $15,572,500, a reduction of $1,127,500.

The Department is gratified to note that the House did not question the importance and necessity of maintaining an effective program in Germany. As brought out in Mr. McCloy's testimony before your committee, and reaffirmed by the Senators who were present, each year the budget requested for Germany has been reduced by this Department and these reductions have been conscientiously carried out. The reduction proposed by the House for 1953 cannot be met by savings in operating costs but would require a reduction in the program presented to you by Mr. McCloy. In the budget presented for 1953 for Germany, staff was reduced 40 percent below 1952. In addition, the budget indicated that 80 positions would be dropped during the year as specific occupation duties were liquidated. In recommending this reduction, the Department carefully analyzed the effects on staffing of the termination of occupation functions and feels strongly that staff has been reduced to the minimum required to carry out the continuing United States responsibilities in Germany.

Other objects of expenditure were reduced correspondingly, except where there were specific circumstances preventing such reductions, or where the amounts for other objects were not related to reductions in staff. In the former category are included travel requirements and communications costs; in the latter category are included representation, official residence expenses, and unvouchered funds.

Home leave and transfer travel have been reduced by 23 percent. Included in the total of $1,221,465 for this item is $565,264 for appointment travel and $381,170 for home leave travel. These amounts will provide for appointments to replace normal separations, for appointments in connection with interservice transfers, and for regularly scheduled home leave travel. The amounts requested represent an increase above 1952 of $179,063 for appointment travel and an increase of $127,176 for home leave travel because the curtailment of staff in 1952 resulted in a virtual stopping of normal replacements and a reduction in home leave eligibles. Included in the $565,264 for appointment travel is $310,000 for interservice transfers. This item is essential because of the length of service in Germany of many regular Foreign Service employees who must now be transferred to other areas and be replaced by regular Foreign Service employees from other posts.

The increases in appointment travel and home leave travel are more than offset by the $676,875 decrease in separation travel. The amount for this item for 1953 provides for normal separations, as compared with the large requirements for 1952 which were necessitated by the drastic curtailment in staff during 1952.

The increase in administrative travel is made mandatory by the increased rates charged by the Department of Defense for courier flights to and from Berlin.

It has been necessary to request an increase in communications because of substantial increases in cost due to the loss of concessional rates after contractual agreements have been ratified. In addition, it should be noted that, while there will be substantial decreases in the volume of communications handled, this decrease cannot be proportionate with the decrease in staff.

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Requirements for representation and for unvouchered funds for use in contingencies are not subject to reduction without seriously handicapping the operations of the chief of mission and his top staff.

The official residences expenses have been reduced from 1952 as a result of discontinuance of the Frankfort residence. The $4,900 requested for this item is to cover dollar expenses at the existing level in connection with the residences in Bonn and Berlin.

Because the budget for Germany as presented by this Department already contemplates additional staff reductions during 1953; and because proportionate reductions as explained above are not possible in other objects, the reduction of $1,127,500 if allowed to stand would have to be taken from the program itself, either in elimination of essential staff or in public affairs program expenses. Neither of these steps is considered possible if we are to carry out the 1953 program for Germany as discussed by Mr. McCloy with you and your committee.

The Department has just heard from Mr. McCloy with respect to his reaction to the seriousness of the House reduction of $1,127,500 for Germany. Mr. McCloy urged that the Department inform you of his belief that the budget as presented is extremely tight. He points out that the budget estimate was based on an estimated date of ratification, the time-table for which has already changed, and that any date beyond August 1 (the date assumed in the budget estimate) increases our budget requirements and decreases immediate staff savings which were already assumed in our estimates. He adds that a reanalysis in light of the House reduction leads to the inescapable conclusion that the House cut must be applied exclusively to the public affairs program and that fiscal year 1953 is not the year to tamper with the public affairs program or to reduce it below the levels proposed in the estimates submitted to you.

Mr. McCloy further asked that your committee be advised that he is concerned about the statement in the House report that the decrease requested for Germany is not commensurate with reduction in functions and services associated with the establishment of an embassy. He points out that at least 300 American positions in Germany in the 1953 request stem directly from occupation activities or from requirements of contractuals and are, of course, not found in "normal embassy" functions.

(Program for Austria)

The House Appropriations Committee recommended a reduction of $372,500 below the original estimate of $3,800,000 for a net dollar program of $3,427,500. At the hearings before the House and Senate committees, the Department offered an amendment reducing the original estimate by $125,000 as a result of the elimination of hardship differential payments for Vienna. The revised request for Austria is then $3,675,000. The House committee recommendation, therefore, is $247,500 below the revised amount requested. Restoration is requested for this amount.

In the 20 months that the Department of State has had responsibility for the civil affairs program in Austria, we have successfully reduced the dollar cost of the program to the point where the $3,675,000 requested for 1953 represents the level of operation in Austria necessary not only to prevent the situation from deteriorating but also to overcome the stalemate that exists today. It is just this situation which makes us feel that we cannot reduce our personnel further. The reduction, therefore, would have to be applied to nonsalary operating items and to public affairs program expenses.

It would be extremely difficult to reduce either or both nonsalary operating items or public affairs program expenses without adversely affecting the program. The dollar expenses budgeted for 1953 for the public affairs program have been reduced considerably from 1952—18 percent. The 1953 estimate represents the hard core of dollar-financed items necessary to carry on that program at the present level.

The nonsalary operating costs comprise such major items as home leave travel, rents and utility costs, communications, operation of the Mozart train (which is the only secure train at the complete disposition of the United States element), and cost of censorship (required by Four Power agreement). There are, relatively speaking, only small amounts for supplies and equipment. A comparison of some of these items shows an increase in 1953. They do not represent program activity increases. They are increases which arise as a result of the rate increases in Austria on certain items, such as rents, utilities, and communications which were made effective during 1952. (The cost for the items in this budget are payable in dollars, in accordance with the terms of the pay-as-you-go agreement.) The increases in 1953 represent the annualized cost in 1953 of these items which increased in cost sometime during 1952. The only other large increase ($62,500)

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is for the purchase of coal with dollars in 1953. In 1952 it was not possible to purchase all of our coal requirements with schillings. Present indications are that in 1953, we will need dollars to buy all of our coal requirements, hence the request for dollars to purchase coal outside of Austria. Despite the increases mentioned above, the request for 1953 is a net decrease of $325,000 below the $4,000,000 available for Austria in 1952.

Austria, today, is the only place in the world where the United States, France, Great Britain, and the Soviets work on a day-to-day basis. We think it necessary to maintain the level of operation in effect today. To do this would require $3,675,000 for Austria.

SECOND AMENDMENT REQUESTED

The Department requests the following deletion from the House bill:
Page 37, after line 2, strike out the entire section inserted by Mr. Jensen.

JUSTIFICATION

(For the German and Austrian programs)

The action taken by the House on Saturday, June 28, in adopting the Jensen amendment for inclusion in chapter IX of the act, and thereby reducing personal services by 15 percent apparently applies to the "Government in occupied areas" appropriation for Germany and Austria which is in title II of chapter IX. This represents a very serious reduction in the programs presented to you by Mr. McCloy and Mr. Donnelly and will very much handicap our operations in both countries.

You will recall from Mr. McCloy's testimony and from the comments of several of the Senators who attended the hearing that Mr. McCloy has each year for the past several years budgeted important reductions for the German program and has carried them out. For 1953, the budget request for Germany as submitted to you included a 40 percent staff cut from 1952. In addition, 80 positions are scheduled to come out in the course of fiscal year 1953.

The Department feels that, with these voluntary reductions, it has submitted a very conservative and conscientiously prepared budget for 1953. Any further staff reductions will seriously impair our ability to carry out our responsibilities in Germany.

In Austria, the staff of the Department of State is substantially lower than that maintained by the Department of the Army 2 years ago when they were responsible for the program. Further reductions must wait until we can reach a general agreement on Austria.

The Department is therefore requesting that your committee take action to eliminate this amendment proposed by Mr. Jensen.

But there are other matters which have been brought up as the result of the action taken by the House on Saturday night, which I should like to mention briefly.

MULTILATERAL TECHNICAL ASSISTANCE

One of them is that which Senator Saltonstall has just spoken of: multilateral technical assistance.

As you will recall, there was a very strong sentiment in the Congress that our contributions to the United Nations should not exceed 33⅓ percent of total contributions by member states.

Senator FERGUSON. Well, it was put in the law, was it not?

Mr. BRUCE. I believe that it was, sir, and that that percentage is to be attained. Whether it is to be done immediately or not, I don't happen to know. But these programs of which we are now speaking are not regular ones of the United Nations in the ordinary acceptation of the term. They are so-called voluntary programs from which we can retire at any time. The United Nations Organization for the Care of Children, for example, is involved.

Over the years, the contributions made by the countries themselves in which this money is to be spent have, when taken as a whole, with our own national contribution, come to a point where, with the in-

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creasing interest in those foreign countries, our own foreign contributions do not reach a total of 33⅓ percent. In some cases, the total contribution made by the foreign nations is in excess of 100 percent of what we ourselves contribute.

Therefore, the feeling is fairly general that the House in its action Saturday night in making this particular type of cut did not consider the over-all picture, but perhaps, if I may say so, confused the voluntary contributions with those which are part of the regular calls that are made upon us for the support of permanent organs of the United Nations.

INTENT OF CONGRESS

Senator KNOWLAND. Mr. Chairman, right at that point, because I must differ with the distinguished Under Secretary, it seems to me that that reasoning is a good deal like saying that in this Korean military operation where we are putting in better than 90 percent and all the rest of the U. N. nations put together are putting in something less than 10 percent of the armed forces, that if we consider the contribution of the Republic of Korea, which is not a member of the U. N. and has been kept out of the U. N. by a Soviet veto, therefore our proportion is not as much as 90 percent.

What the Congress tried to get at on this legislation, and certainly the intent of the Congress was clear, was that not over a given percentage should be borne by this country and the U. N. operation.

UNITED STATES CONTRIBUTION TO KOREAN RELIEF

The other day we had before our committee a newspaper statement on this operation, not of military but of relief expenditures in Korea, claiming that the U. N. had done a substantial amount. But when you broke down the figures you found that actually the United States was putting in 93 percent of the funds, and it was not a U. N. operation in that sense of the word. And it seems to me that the State Department has an obligation to follow not only the letter but also the clear intent of the law, and otherwise you can shift all of these things over to so-called voluntary committees, and you can completely circumvent the legislation passed by Congress.

Senator FERGUSON. Why should voluntary agencies, Mr. Secretary, be ing it, if there is a U. N. program to which we are a party, and we do limit the amount in the U. N. program? Why should we then shift it around, without notice to Congress?

Mr. BRUCE. Senator, in the authorizing legislation, this type of contribution on the part of the United States to which I have referred was specifically exempted from the application of the general rule. Now, this is a very complex subject.

Senator FERGUSON. Is that in the statute itself, and is it spelled out, and is there an exemption?

Mr. BRUCE. I believe it is in the authorizing legislation. I have a statement on it which I will submit for the record.

Senator FERGUSON. Was it brought to attention, and did we exempt it from the appropriation in the past?

I must say that I do not recall this being brought up in the Appropriations Committee.

Mr. MURPHY. It was not brought up in the Appropriations Committee, Senator.

Senator FERGUSON. I thought it was not brought up.

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LIMITATIONS

Chairman McKellar. Reading from Public Law 400:

SEC. 12. There is a hereby authorized to be appropriated to the President not to exceed $16,48[illegible],000 to enable him to make contributions to the United Nations International Children's Emergency Fund until December 31, 1953, in such manner and on such terms and conditions as he may deem to be in the interests of the United States to support international children's welfare work: *Provided*, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33⅓ percent of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: *Provided further*, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.

Those are provisos and restrictions, rather than enlargements, as I see it. The limitation is perfectly clear that only $16 million, and really only part of that, is involved, because it lasts only until January 1953. Let us see if I am correct about that.

No, it is December 31, 1953, 6 months.

Senator McClellan. December 31, 1953, would be a year and a half.

Chairman McKellar. It says here "until December 31, 1953." You are right.

Mr. Bruce. Now, Mr. Chairman, in bringing this question up, we have gotten involved in an absolute mare's nest of complications, because there are some of these special cases where the program is of a so-called voluntary nature and where specific exemption has been given to them.

Chairman McKellar. But, Mr. Bruce, it is your duty as a representative of this Government to abide by the law. And when you get the $16 million provided in the law, you should use that as provided in the law, and not go beyond it.

Mr. Bruce. It will so be done, Mr. Chairman.

Chairman McKellar. I am glad to hear it. Thank you, sir.

Mr. Bruce. There is no intention of not abiding by the law.

UNITED STATES PARTICIPATION IN VOLUNTARY AGENCIES

Senator Knowland. I would like the Under Secretary to furnish this committee with a list of the voluntary agencies where we are participating, the amount of our participation, and the amount of participation of all other governments.

Senator Ferguson. And could I ask under what section you claim you are authorized to do that?

Mr. Bruce. I will submit that for the record.

Senator Cordon. When?

Mr. Bruce. Today.

(The statement referred to follows:)

SPECIAL PROGRAMS OF THE UNITED NATIONS AND ITS SPECIALIZED AGENCIES FINANCED BY VOLUNTARY CONTRIBUTIONS FROM GOVERNMENTS

United Nations Relief and Works Agency for Palestine Refugees in the Near East
United Nations Korean Reconstruction Agency
Joint Support Program of the International Civil Aviation Organization
United Nations International Children's Emergency Fund
United Nations Expanded Program of Technical Assistance

Contributions and pledges to the United Nations Relief and Works Agency for Palestine Refugees in the Near East and its predecessor agency—United Nations Relief for Palestine Refugees

	UNRPR Dec. 1, 1948, through Apr. 30, 1950; contributions	UNRWA May 1, 1950, through June 30, 1951; contributions	Estimated UNRWA July 1, 1951, through June 30, 1952		Total of both programs	
			Pledged	Status of payment as of May 1, 1952	Contributions and pledges	Percentage
Members of the United Nations:						
Afghanistan	$5,600				$5,600	0.01
Argentina		$50,000			50,000	.03
Australia	325,806	250,000	$350,000		925,806	.60
Belgium	441,180	6,000	30,000		477,180	.31
Bolivia		5,000	5,000	$5,000	10,000	.01
Canada	1,040,616	1,400,000			2,440,616	1.59
Denmark	130,480	14,500	58,000		202,980	.13
Dominican Republic	10,000	5,000			15,000	.01
Egypt	2,827,052	2,396,300	391,223	391,223	5,609,575	3.67
El Salvador			500	500	500	(1)
Ethiopia		25,500			25,500	.02
France	1,867,380	2,857,000	2,571,400	1,714,285	7,295,780	4.77
Greece	38,221		56,287	56,287	91,508	.06
Honduras			2,500	2,500	2,500	.01
India	69,666				69,666	.05
Indonesia	94,396		30,000	30,000	123,396	.08
Iraq	892,598	980,000			1,872,598	1.22
Israel	718,919	114,350	57,500	3,855	890,769	.58
Lebanon	1,302,915	690,100	33,000		2,026,015	1.32
Luxemburg	5,209	2,000	2,000	2,000	9,209	.01
Mexico			115,000		115,000	.08
Netherlands			25,000	25,000	25,000	.02
New Zealand	320,732		210,000	210,000	530,732	.35
Norway	60,175	60,000	14,000	14,000	134,475	.09
Pakistan	223,380	90,000	90,000	90,000	403,380	.26
Philippines			10,000		10,000	.01
Saudi Arabia	142,356	37,650	115,000	115,000	295,006	.19
Sweden	101,457		20,000		121,457	.06
Syria	2,325,171	580,100	60,000		2,965,271	1.94
Turkey	206,333				206,333	.13
Union of South Africa	39,687				39,687	.03
United Kingdom	4,435,481	6,200,000	12,400,000	[2] 8,000,000	23,035,484	15.06
United Kingdom loan to the Hashemite Kingdom of Jordan		2,800,000	4,200,000	4,200,000	7,000,000	4.58
United States	16,000,000	27,450,000	[3] 50,000,000	30,000,000	93,450,000	61.09
Venezuela	14,025		20,000		34,025	.02
Yemen	9,863				9,863	.01
Yugoslavia	35,200		45,000		80,200	.05
Other governments:						
Bahrein	35,812		20,927	20,927	56,739	.04
Eire	96,774				96,774	.06
Hashemite Kingdom of Jordan	1,262,771	450,500	168,000	84,000	1,890,271	1.24
Italy	27,764				27,764	.02
Kuwait			31,500	31,500	31,500	.02
Qatar			20,895	20,895	20,895	.01
Southern Rhodesia			19,600	19,600	19,600	.01
Sudan			144,000	144,000	144,000	.09
Switzerland	68,364				68,364	.04
Viet Nam			5,600	5,600	5,600	(1)
Total	35,173,586	46,473,000	[4] 71,321,932	[4] 45,185,572	152,968,518	100.00
Private contributions	1,439,963	2,260,778	486,440	486,440	4,187,181	
Grand total	36,613,549	48,733,778	71,808,372	45,672,012	157,156,699	

[1] Less than one-tenth of 1 percent.

[2] The United Kingdom loans to the Hashemite Kingdom of Jordan are considered as part of the United Kingdom contribution to the total program.

[3] $50,000,000 has been authorized. The United States pledged $30,000,000 for fiscal year 1952, with an indication that the United States is prepared to increase this amount to $50,000,000 dependent upon the progress of reintegration plans, and provided that the United States contribution does not exceed approximately 70 percent of total resources made available by other governments.

[4] The Governments of Lebanon, Syria, Jordan, Egypt, and Iraq have contributed direct aid and services for which figures are not yet available for the current year. The total contributions of these countries for the period May 1, 1950, to June 30, 1951, amounted to $5,100,000 and it is expected that their contributions for the current year will approximate that amount. The addition of these amounts to the total program will result in some changes in the percentage distribution.

NOTE.—Prepared June 13, 1952.

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United Nations Korean Reconstruction Agency—Statement of Government Contributions and Offers to June 20, 1952

[Expressed in terms of United States dollars]

The United Nations Korean Reconstruction Agency was established by resolution of the General Assembly of the United Nations on December 1, 1950, to assume responsibility for relief and rehabilitation operations in Korea at such time as may be agreed upon by the Unified Command. Voluntary contributions, to be paid in cash or in kind, were solicited. The following contributions have been pledged and contributed toward a total budget of $250,000,000.

	Amount offered	Received in cash	Offered in kind and made available to unified command
Member states:			
Argentina	$500,000		$500,000
Australia	4,024,738		
Burma	49,934		49,934
Canada	6,004,762	$5,004,762	
Chile	250,000		250,000
Denmark	860,000		
Dominican Republic	10,000		
Egypt	28,716		
El Salvador	500		
Ethiopia	40,000	40,000	
Guatemala	(1)		
Honduras	2,500	2,500	
Indonesia	100,000	100,000	
Israel	33,600		33,600
Lebanon	50,000	50,000	
Liberia	15,000		15,000
Luxemburg	20,000	20,000	
Netherlands	263,158	263,158	
Norway	829,000		
Panama	3,000		
Paraguay	10,000	10,000	
Saudi Arabia	20,000	20,000	
Sweden	960,518		
Syria	[2] 11,408		
United Kingdom and Northern Ireland	28,000,000	700,000	
United States of America	[3] 162,000,000	10,000,000	
Venezuela	[4] 70,000		
Total	205,062,834	18,110,420	848,534
Nonmember states:			
Austria	40,000		
Viet Nam	10,000	10,000	
Total	50,000	10,000	
Grand total	205,112,834	18,120,420	848,534

[1] Offer of timber not yet valued.
[2] Not yet formally confirmed.
[3] Offer made subject to approval of the Congress.
[4] Goods not yet accepted by unified command.

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JOINT SUPPORT PROGRAM OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION

Projects for the development of air-navigation facilities on the North Atlantic route are individually supported by voluntary contributions from the nations using these facilities. The following tabulations show the contributions due and paid for the calendar years 1950 and 1951.

Payments received for major Icelandic joint support project

CALENDAR YEAR 1950 [1]

Country	Amount of contribution	Amount paid	Amount due	Country	Amount of contribution	Amount paid	Amount due
Belgium	$4,224	$4,224	0	United Kingdom	17,439	17,439	0
Canada	23,284	23,284	0	United States	118,730	118,730	0
Denmark	3,365	3,365	0				
France	10,979	10,979	0	Total	202,632	202,632	0
Netherlands	15,891	15,891	0	Iceland	41,908		
Norway	3,060	3,060	0				
Sweden	5,060	5,060	0	Grand total	244,540		

CALENDAR YEAR 1951 [1]

Belgium	$9,060	$7,075	$2,285	United Kingdom	32,187	32,187	0
Canada	37,905	37,905	0	United States	233,331	116,665	116,666
Denmark	7,655	7,655	0				
France	25,039	0	25,039	Total	405,703	222,005	183,788
Netherlands	35,922	0	35,922	Iceland	50,305		
Norway	7,655	7,655	0				
Sweden	11,528	7,652	3,876	Grand total	456,098		
Switzerland	4,611	4,611	0				

[1] Conversion rate of 16.2457 Icelandic kronur=United States $1 used.

Payments received for joint support project in Greenland

CALENDAR YEAR 1950 [1]

Country	Amount of contribution	Amount paid	Amount due	Country	Amount of contribution	Amount paid	Amount due
Belgium	$9,990	$9,990	0	United Kingdom	$56,415	$56,415	0
Canada	57,590	57,590	0	United States	303,816	303,816	0
France	31,146	31,146	0				
Iceland	10,578	0	[2] $10,578	Total	528,887	508,907	$19,980
Netherlands	37,022	37,022	0	Denmark	53,423		
Norway	9,402	0	[2] 9,402				
Sweden	12,928	12,928	0	Grand total	582,310		

CALENDAR YEAR 1951 [1]

Belgium	$16,080	$13,030	$3,050	United Kingdom	$54,951	$54,951	0
Canada	64,648	64,648	0	United States	397,737	397,737	0
France	42,848	0	42,848				
Iceland	10,449	0	10,449	Total	676,551	558,030	$118,521
Netherlands	61,265	0	61,265	Denmark	68,339		
Sweden	19,846	19,846	0				
Switzerland	7,818	7,818	0	Grand total	744,890		

[1] Conversion rate of 6.90714 Danish kroner=United States $1 used.
[2] Did not consent to assessment.

Payments received for joint support project in the Faroes

CALENDAR YEAR 1950 [1]

Country	Amount of contribution	Amount paid	Amount due	Country	Amount of contribution	Amount paid	Amount due
Belgium	$1,117	$1,117	0	United States	$34,201	$34,201	0
Canada	6,464	6,464	0	Total	55,827	55,827	0
France	3,526	3,526	0	Denmark	2,671		
Netherlands	4,172	4,172	0	Grand total	58,498		
United Kingdom	6,347	6,347	0				

CALENDAR YEAR 1951 [1]

Belgium	$1,766	$1,766	0	United States	$41,312	$41,312	0
Canada	6,710	6,710	0	Total	67,100	56,300	$10,800
France	4,436	0	$4,436	Denmark	3,210		
Netherlands	6,364	0	6,364				
Switzerland	812	812	0	Grand total	70,310		
United Kingdom	5,700	5,700	0				

[1] Conversion rate of 6.90714 Danish kroner = United States $1 used.

Payments received for Vik Loran project

CALENDAR YEAR 1950 [1]

Country	Amount of contribution	Amount paid	Amount due	Country	Amount of contribution	Amount paid	Amount due
Canada	$1,747	$1,747	0	United Kingdom	$1,941	$1,941	0
France	1,553	1,553	0	United States	13,589	13,589	0
Iceland	971	971	0				
Netherlands	1,207	1,207	0	Total	21,008	21,008	0

CALENDAR YEAR 1951 [2]

Canada	$4,952	$4,952	0	United Kingdom	$5,503	$5,503	0
France	4,402	2,660	$1,742	United States	38,520	38,520	0
Iceland	2,752	2,752	0				
Netherlands	2,201	1,330	871	Total	58,330	55,717	2,613

[1] Conversion rate of United States $0.909091 = Canadian $1 used for all of these contributions except for the Canadian $463.62 assessed to the Netherlands for the period July 1–Dec. 31, 1950, for which a conversion rate of United States $0.95 = Canadian $1 was used.

[2] Conversion rate of United States $0.95 = Canadian $1 used for contributions for the period Jan. 1–Sept. 30, 1951, and conversion rate of United States $0.95751 = Canadian $1 used for contributions for the period Oct. 1–Dec. 31, 1951.

Payments received for joint support of loran station at Frederiksdal, Greenland

SECOND HALF OF CALENDAR YEAR 1951 [1]

Country	Amount of contribution	Amount paid	Amount due	Country	Amount of contribution	Amount paid	Amount due
Belgium	$1,169	0	$1,169	United States	$27,352	$27,352	0
Canada	4,442	0	4,442	Total	44,425	27,890	$16,535
France	2,937	0	2,937	Denmark	2,338		
Netherlands	4,213	0	4,213				
Switzerland	538	$538	0	Grand total	46,763		
United Kingdom	3,774	0	3,774				

[1] Conversion rate of 6.90714 Danish kroner equals United States $1 used.

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UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND (UNICEF)

STATEMENT OF RESOURCES

The central account of the children's fund, maintained at the headquarters in New York City, consists of the contributions of governments, in cash or in kind, to the general resources of the organization; the contributions of private individuals and groups; the value of UNRRA residual assets turned over to the fund; and miscellaneous income.

As of April 30, 1952, the cumulative total of these resources, including pledges, was in the amount of approximately $165,492,000.

Government contributions and pledges	$117, 670, 000
Private contributions	12, 642, 000
UNRRA residual assets	32, 608, 000
Other income	2, 602, 000
Total	165, 492, 000

The breakdown of government contributions and pledges, by calendar years, is as follows:

(In thousands of dollars)

Country	1947–48	1949	1950	1951	1952	Total
Afghanistan				$6		$6
Australia	$7, 157	$2, 732	$560	560		11, 009
Austria	25	10	6	35		76
Belgium	5	31				36
Bolivia				10		10
Brazil			92	86	$162	340
Bulgaria		6				6
Burma				50		50
Canada	5, 300	977	546	470		7, 293
Ceylon				10	2	12
Chile				5	2	7
China				25		25
Colombia				17		17
Costa Rica		10		10		20
Cuba		15				15
Czechoslovakia	1, 000	100				1, 100
Denmark	417					417
Dominican Republic	70	50	150			270
Ecuador			7			7
Egypt				94		94
Finland	37	26	7	10		80
France	489	583	1, 000	500		2, 572
Germany			119			119
Greece	10	2	32			44
Guatemala		10				10
Haiti			4	4		8
Hungary	7	10	6			23
Iceland	40	39	45	13		137
India	30	30	21	105	252	438
Indonesia			100	200		300
Iran			4			4
Iraq			14	14	14	42
Israel		25	25	25	25	100
Italy	106	769			100	975
Japan				200	20	220
Jordan			2	1		3
Liberia			1			1
Liechtenstein					1	1
Luxemburg	2	6	3	3		14
Malaya			29			29
Netherlands	3	3		26	26	58
New Zealand	810	403	280	280		1, 773
Norway	9					91
Pakistan		3	30	61		94
Peru			9	200		209
Philippines		200		50		250
Poland	250	751				1, 001
Singapore		9				9
Sweden	1	9	99			112
Switzerland	1, 375	767	219	328		2, 689
Thailand	86	8	421	465		980
Turkey			18		18	36
Union of South Africa	443					443
United Kingdom	403			280	140	823
United States	49, 284	20, 960	4, 756	5, 750		80, 750
Uruguay	1, 000					1, 000
Venezuela		100				100
Yugoslavia	11	578	303	400		1, 292
Total	68, 455	29, 222	8, 008	10, 293	702	117, 640

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In addition to contributions to the central account, the fund's program is supported by contributions of governments receiving assistance toward the furthering of activities within their own territories. The governments receiving assistance commit themselves to these outlays as a part of the agreement whereby funds are allocated from the central account for their benefit.

As of August 14, 1951, when cumulative allocations from the central account were in the amount of approximately $115,958,000, these contributions of governments receiving assistance, made or pledged, were in the amount of approximately $178,065,000. It is estimated that, as of April 30, 1952, the total was in the amount of approximately $190,300,000.

The breakdown, by country, of the $178,065,000 as of August 14, 1951, for which details are available, is as follows:

Afghanistan	$3,000	Hungary	$2,796,000
Albania	500,000	India	5,000,000
Austria	10,607,000	Indonesia	2,400,000
Bolivia	1,100,000	Iraq	67,000
Brazil	85,000	Israel	379,000
British Honduras	30,000	Italy	19,978,000
Brunei	42,000	Jamaica	160,000
Bulgaria	1,372,000	Japan	640,000
Burma	150,000	Malaya	720,000
Ceylon	470,000	Nicaragua	510,000
Chile	510,000	North Borneo	110,000
China	1,170,000	Pakistan	1,400,000
Colombia	200,000	Panama	50,000
Costa Rica	320,000	Paraguay	50,000
Czechoslovakia	18,066,000	Peru	180,000
Dominican Republic	210,000	Philippines	1,430,000
Ecuador	120,000	Poland	37,000,000
El Salvador	720,000	Romania	18,765,000
Finland	2,479,000	Sarawak	32,000
France	6,446,000	Singapore	15,000
Germany	3,233,000	Thailand	1,600,000
Greece	14,589,000	Trinidad	30,000
Guatemala	670,000	Uruguay	21,000
Haiti	210,000	Yugoslavia	21,000,000
Honduras	200,000		
Hong Kong	230,000	Total	178,065,000

United Nations Expanded Program of Technical Assistance

The United Nations expanded program of technical assistance, in which the United States participates as an integral part of its point 4 program, is financed from funds contributed voluntarily by governments to a special account established for this purpose by the Fourth General Assembly of the United Nations. Contributions to the special account are made not only by members of the United Nations but also by nonmembers, i. e., Switzerland, Vietnam, Germany, etc. Although the major portion of available funds are contributed by the so-called developed countries, the extent to which the underdeveloped countries are contributing directly to this common fund is evidenced by the fact that 63 governments have pledged to the 1952 calendar year program.

As of June 15, 1952, contributions and pledges to the special account for the first program period of 18 months ending December 31, 1951, and the second program period ending December 31, 1952, in dollars equivalents were as follows:

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Country	First program period (18 months)	Second program period (12 months)	Country	First program period (18 months)	Second program period (12 months)
Afghanistan	$7,001	$7,001	Iraq	$5,005	$5,000
Argentina	[1] 200,000	200,000	Ireland	13,991	14,002
Australia	400,921	100,000	Israel	27,988	28,003
Austria	19,231	19,231	Italy	[1] 93,000	93,000
Belgium	270,000	270,000	Japan		80,000
Bolivia	12,500	12,500	Korea	5,000	5,000
Brazil	459,459	459,459	Laos		5,000
Burma	7,500	8,000	Lebanon	6,556	6,846
Cambodia		5,000	Liberia	8,000	12,000
Canada	772,727	750,000	Luxemburg	2,520	2,500
Ceylon	15,000	15,000	Mexico	[1] 34,682	34,682
Chile	[1] 90,000	174,194	Monaco	2,857	2,857
China	10,000	10,000	Netherlands	400,000	400,000
Colombia	51,020	100,000	New Zealand	124,138	124,138
Costa Rica	[1] 5,000	5,000	Norway	34,999	55,999
Cuba	50,000	50,000	Pakistan	140,663	151,103
Denmark	95,555	108,585	Panama		3,000
Dominican Republic		6,000	Paraguay		5,000
Ecuador	[1] 6,300	6,300	Philippines	50,000	50,000
Egypt	81,850	81,850	Saudi Arabia		15,500
El Salvador	5,000	5,000	Sweden	96,525	386,623
Ethiopia	20,120	20,000	Switzerland	233,645	218,862
Germany (Federal Republic)		119,048	Syria	[1] 11,410	11,410
Finland	5,000	10,000	Thailand	19,758	31,000
France	1,207,500	1,207,500	Turkey	183,638	182,000
Greece	[1] 20,295	20,295	United Kingdom	2,128,255	1,260,151
Guatemala	[1] 5,000	7,500	United States	12,007,500	11,400,000
Haiti	6,000	12,000	Uruguay	99,408	50,000
Honduras	8,000	8,000	Venezuela	[1] 44,000	20,000
Iceland		2,500	Vietnam		7,500
India	250,000	275,000	Yemen	4,200	
Indonesia	121,522	43,860	Yugoslavia	50,000	50,000
Iran	[1] 40,000	40,000	Total	20,070,260	18,956,499

[1] As of June 15, 1952, all pledges had been paid in full with the exception of $335,300 remaining due from the countries indicated.

In addition to the funds contributed directly to the special account, recipient countries are required, under the controlling resolution of the United Nations, "normally to assume responsibility for a substantial part of the costs of technical assistance with which they are provided, at least that part which can be paid in their own currencies." The requirement of receiving-country contribution is written into all agreements negotiated between the United Nations and its specialized agencies and the governments granted technical aid. Contributions in the form of local currency expenditures made by recipient governments are equal, on the average, to slightly more than the amount received by those governments from the special account.

HISTORY OF LEGISLATION

Senator ROBERTSON. Could I make a point on that? I would just like to keep before us a history of this legislation, so that we will have a better perspective of what has happened from time to time. There was a request for $7,900,000,000. The Foreign Relations Committee cut that $900 million. When it reached the floor, the highest cut offered was $500 million on top of that, and that failed. There was an amendment for $400 million more, and that failed. There was an amendment for a cut of $200,000,000, and it carried and went over to the House side. The House then cut $1,655,000,000, and that went to the floor. And on the floor it was finally cut approximately $1,900,000,000. That is the bill that is now before us, and that is $1,328,000,000 less than we spent last year, primarily on rehabilitation, and this is a bill for military assistance.

Now, we must just bear in mind: Foreign Relations cut it $1 billion. The Senate cut it $200 million more. The House committee cut it $1,655,000,000. And then the House cut that $247

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million more. So the total cut that comes to us now, with all these various looks at this thing from time to time, is nearly $2 billion less than the original estimate. Maybe we will accept that. I do not know. But let us not put the Jensen amendment on top of that.

Senator CORDON. You mean you should have the same amount of help to administer a program $200 million greater than this as you would this one?

Senator ROBERTSON. But I think the situation is such that with these technical positions involved and this physical labor work it does not make any sense.

Mr. FOSTER. This is the time, sir, when, as far as our large number of helpers go, we need it more than ever, because the goods are beginning to flow, and will flow in increasing volume for the next year and these men are not only engaged in making these goods available to the countries that are going to use them. We also have a broad number of people who are demonstrating how those goods will be used.

The effect of this, sir, will be to seriously interfere with the most effective use of these goods at the time when they are becoming available to the people who are fighting or willing to fight with us on our side.

Senator CORDON. What you say there is that your use of that is seasonal, and therefore at the earlier part of the fiscal year, you would require a greater number of individuals on the roll than you will require at a later time in that year.

Mr. FOSTER. That is correct, sir. And this takes effect as of July 1, 1952, which interferes immediately with the effect of it.

Senator CORDON. If you will just hold off on your complaint about interfering, we will probably get somewhere here, and if you do not, you will probably be hurt.

May I inquire whether a reduction of 10 or 15 percent, or some percentage, which applies on a man-year basis rather than on a personnel-hire basis, day by day, would meet your necessities for a heavier employment list at a given portion of the year, and a lighter at another?

Mr. FOSTER. I will be happy to answer that, sir. We believe that the figures we asked for are essential to do this job, just as we asked for it.

Senator CORDON. I did not ask that question. I understood that was your first complaint.

Mr. FOSTER. It would be less burdensome to meet it on that basis than it would under the Jensen amendment.

Senator FERGUSON. All right. Now, how much did you ask for that would be affected by this amendment? $43,700,000?

Mr. FOSTER. We asked for $43 million on the administrative, but as I indicated earlier, sir, part of this takes care of blue-collar employees who are actively engaged——

Chairman MCKELLAR. Let me suggest that I have it here. You asked for $43,790,000. The House cut it to $42 million and then later cut it to $37,800,000. Those are the figures.

Senator SALTONSTALL. Mr. Chairman, may I ask one more question before Mr. Bruce leaves?

Mr. Bruce, you need not answer that if you do not want to, but it bothered me a great deal and would affect my feeling toward this whole situation to a considerable degree.

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ACHESON STATEMENT BEFORE BRITISH HOUSE OF COMMONS

We went into Korea to save the United Nations, as I saw it. That is why I went along with it. We have NATO under the United Nations abroad. We have all these appropriations in European connection with NATO and the United Nations, in preserving it, our security, and all that goes with it. I was terribly disturbed by the newspaper quotation that Mr. Acheson had apologized or semi-apologized to the English House of Commons, two hundred members thereof, in an off-the-record, as to our going ahead in what we thought was proper action in the United Nations to bring it to a successful conclusion, particularly with about 90 percent of the people involved in there. Now, I say that because if we are going to apologize for what we are trying to do to save the United Nations Charter in Korea, putting up all our boys, 110,000 casualties, then by golly we want to know the attitude of mind of these people whom we are trying to help over in Europe in order to help ourselves.

You need not answer that if you want to wait until Mr. Acheson comes back, but I would say to you very frankly that it would have some weight with me on this whole picture.

(Discussion off the record.)

Chairman McKellar. Are there any other questions, gentlemen?

ACHESON TRANSCRIPT

Senator Knowland. Before Mr. Bruce leaves, could he inform the committee this afternoon or tomorrow—I do not know whether it would be possible to reach the Secretary by telephone—as to whether or not we will get this transcript? I think the record ought at least to show that we were given it or refused it.

Mr. Bruce. I will inform you, sir, as soon as I can establish contact with him. He is in Vienna, and he is going from there to Brazil, and we can reach him somewhere before the Congress adjourns.

Mr. Chairman, I hate to take up so much of your time, but I have spared some of it. I have a very lengthy written statement which I would like to file for the record.

Chairman McKellar. Certainly. It will be put in the record.

(The statement referred to follows:)

Statement by Acting Secretary of State David K. Bruce

I welcome this opportunity to endorse what Mr. Harriman has said about the proposed Mutual Security Program for 1953, and to add a few comments on the important role of this program in our global foreign policy.

The basic principles underlying the Mutual Security program have long been accepted by the Congress, the executive branch, and the American people. The most important question which has concerned us is the amount of American resources to be used for this purpose. This question is one which will determine the success or failure of the entire program.

In my judgment, the Mutual Security Program for 1953 has already been cut to the bone. As Mr. Harriman has pointed out, the program was carefully screened and reduced before it was submitted to the Congress. It was recognized that these reductions involved a stretching out of the period of insecurity, but the limitations upon our economic resources and those of our allies forced us to assume this calculated risk.

Today this risk has been gravely increased. The 18.6 percent reduction made in the authorizing legislation passed by the Congress will require a considerable revision of the defense plans for the North Atlantic area and will prolong and increase the danger of communism throughout the world. In my judgment,

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every additional dollar cut from this program will further imperil the security of the United States.

In the titanic political struggle which is taking place throughout the world between the forces of freedom and the forces of Soviet slavery, the policy of the United States is based upon one fundamental premise. We believe that time is on our side. We believe that it is possible to increase the collective strength of the free world—politically, economically, militarily, and morally—more rapidly than the Soviet Union and its satellites can increase their potential for political and military aggression. If this strength can be built rapidly enough, we cannot only defend ourselves against any attack, but also assure ourselves a very good chance that such an attack will never occur.

But time is on our side only if we use it to the best advantage. Every day that we lose in strengthening our defenses is a day gained for the military machine of the Soviet Union. Every day that is lost in eliminating poverty, misery, and disease from the vast areas of Africa, Asia, and Latin America is a day gained for the forces of Communist agitation and subversion.

Today, I believe that time is working on our behalf. The forces of freedom are gaining momentum. But if we or our allies should reduce our present efforts, there is a serious danger that we would lose this momentum—that time might begin to operate on the side of Soviet tyranny.

Let me illustrate this point, first, by reference to the current situation in Europe.

There can be no doubt that we have made time work on our side in free Europe. Through our aid and their efforts, many countries which stood on the brink of chaos in 1946 and 1947 have regained a large measure of economic health. Our European allies have undertaken a substantial defense program—have increased the numbers of their forces, have steadily increased their defense expenditures and have multiplied their military production. The average European citizen—the man in the street—has gained new confidence and hope and a renewed determination to defend his way of life with courage and vigor. The spreading virus of internal communism has been checked and turned back; we have seen the Communists in every country lose influence in the governments and among trade-unions. Finally, the Western Europeans have laid the foundation for the elimination of age-old economic and political rivalries and for the creation of a European unity which goes far beyond anything we would have thought possible a few years ago.

I do not mean to imply that the problems of Europe are solved by any means. The European defense effort has placed a severe strain on the European economies. Europe's defensive strength is not yet adequate to halt and throw back an all-out Soviet attack. Communist influence remains strong in certain areas, and the Communists stand ready to take advantage of any economic set-back that might occur. Finally, we must recognize that the great movement toward European unity which I have mentioned must overcome many obstacles before it can be finally achieved.

These problems have not deterred the European governments from proceeding with their defense programs and political undertakings, but they know that the success or failure of their efforts will depend largely upon the decision of this Congress as to the amount of American assistance they will receive. To the extent that we reduce this assistance, certain consequences must inevitably follow:

First, every reduction in our assistance means a reduction in the military strength available for the defense of the North Atlantic area. Mr. Harriman has indicated that the cuts already made are equivalent to the loss of more than eight combat divisions. To replace these divisions—to build up and maintain an equivalent force in this country—would cost far more than the amount of the reduction in this program. Further reductions will magnify this loss.

Every reduction in our assistance endangers the completion of current plans for the establishment of the European defense community and for restoring Germany as a free and equal member of the western community. The realization of these plans is inextricably related to the European defense program and to the economic stability of the European nations concerned. If these plans should fail, Europe and the entire free world will have lost an opportunity for stability and progress which may never come again.

Every reduction in the European side of this program increases the danger to other parts of the world, especially Asia. Not only are several NATO countries contributing to the U. N. forces in Korea, but France and Great Britain are conducting costly and bloody military operations against the Communists in

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Indochina and Malaya. Every reduction in our assistance increases the strain on these countries and weakens their ability to continue these operations, thereby opening new gaps in free Asia's defense against Communist aggression.

Finally, every reduction in this program increases the risk that we will lose the psychological momentum which Europe has gained during the last 5 years. If the hope and confidence which has arisen in Europe should be transformed into doubt and despair, the loss would be beyond calculation. Time would no longer be on our side, but would be running heavily against us.

I do not believe that the security of the United States will permit us to take these risks in Europe.

When we turn to the countries of Asia, Africa, and Latin America, we find problems which differ in many ways from those of Europe. And yet in one important respect, we confront the same fundamental problem. Here, too, the crucial issue is time. As in Europe, the vital question is whether or not the forces of freedom can gain strength more rapidly than the forces of slavery.

The members of this committee are undoubtedly familiar with the military threat that exists in many of these countries. I do not need to review the bitter struggle in Korea, Indochina, and Malaya. This proposed legislation will provide substantial military assistance to several of these countries, including Indonesia, Indochina, the Philippines, Formosa, and Thailand. I am confident that few will question the importance of this aid.

Equally important is the economic and technical assistance which is proposed for the countries of Asia, Africa, and Latin America. At best, our military assistance has a limited value in these areas, since most of the countries do not have the economic and technical capacity to support modern armies, and therefore can make only a relatively small immediate contribution to the military defense of the free world. And yet our own security and the security of many other free nations will be greatly influenced by the ability of these countries, over the long run, to maintain their independence and develop their economic potentialities.

While the conditions existing in the underdeveloped areas of Asia, Africa, and the Near East are varied, there is one thing that most of the peoples in these areas have in common. Most of them are seeking by every possible means to improve the social and economic conditions of their life—to eradicate the poverty and misery they have suffered for centuries and which today provide nourishment for the infectious germs of communism. The servants of the Kremlin realize that they have a good chance to seize these countries without firing a shot, if they capitalize upon this distress and despair. The recent gains of the Communists in the elections of India provide a disturbing illustration of the workings of Soviet strategy.

The United States cannot pretend, as the Communists do, to solve the innumerable problems of these underdeveloped areas. These problems can only be solved over a long period of time and must be worked out with the peoples concerned. But we can help these people immeasurably by giving them the encouragement and assistance which will enable them to find their own solutions. We have found that relatively small expenditures for technical assistance can pay tremendous dividends. A few million dollars spent for fertilizer, irrigation water, insecticides and simple agricultural tools in certain countries can make the difference between a disastrous decline into chaos and hopelessness and a gradual growth in the direction of freedom, economic health and political strength. I sincerely believe that history will some day demonstrate that the point 4 program represents one of the most farsighted investments ever made by the Congress of the United States.

Our technical assistance programs are long-term undertakings and their objectives cannot be achieved overnight. But this does not mean that we can afford to delay our efforts. In Asia, for example, our economic and military measures have helped to check the Communist tidal wave which once threatened to engulf the entire continent, but communism still exerts relentless pressure against the free nations of Asia. If we do not make effective use of the time we have to help strengthen these nations, the day may come when neither our wealth nor our military power can tip the scales.

Today, the United States is simultaneously confronted by grave dangers and magnificent opportunities. If the greater part of the world should fall under the control of aggressive tyranny, the cost of protecting the United States would be so enormous that this mutual security program, great as it is, would seem no more than a drop in the bucket. Nor can we ignore the grim possibility that, in such a situation, our utmost expenditure of blood and treasure might not be sufficient to save us. On the other hand, we know that the manpower, natural resources,

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industrial facilities, and human ingenuity of the free world give us a potential strength far greater than anything which the Soviet empire can muster against us. If we seize the opportunity to develop this potential to the fullest, we have nothing to fear. We can preserve freedom and peace in this generation and lay the foundations for security and progress in the generations which come after us.

I cannot say with certainty that a further reduction of 5 million, 10 million, or 50 million dollars in the programs now under consideration would make the difference between success and failure. If it were possible for human beings to predict the course of events with such precision, I am confident that there would be no dispute as to the sum to be appropriated. But such precision is, of course, impossible. This committee has no responsibility for the reductions which have already been made, and cannot alter the authorizing legislation. However, I would be derelict in my duty if I did not repeat my profound conviction that these reductions will dangerously delay the attainment of our goals of peace and security and advise you that further reductions will aggravate this delay and jeopardize the fundamental security interests of the United States.

BRIEF COMMENTS ON INDIVIDUAL CUTS MADE BY THE HOUSE OF REPRESENTATIVES IN THE APPROPRIATIONS BILL

1. Title III: The cut in the funds for economic and technical assistance to south and southeast Asia

The President requested $176 million for point 4 assistance in south and southeast Asia. This was cut to $118 million in the authorizing legislation.

Members of the committee are no doubt informed that the House by floor action last Saturday night cut over $50 million from this economic aid for Asia. This leaves only $68 million. I believe it is a matter of national interest that the full amount be appropriated for this program in Asia.

Two-thirds of the requested assistance is for India. The people of India recently completed their first national election which showed unexpected strength by the Communists. The Communist strength was concentrated in areas of food deficit in south India.

As a result, the Government of India has redoubled its efforts to balance its food requirements under its 5-year plan. The Indians themselves are spending the equivalent of nearly one-half billion dollars a year on this food campaign. The campaign works toward more irrigation water, more fertilizer, better implements, and better seed.

The entire United States aid program in India is going into this food production campaign. We are helping only with the dollar costs. We are assisting with tubewells for irrigation, with fertilizer, and with steel for implements. These are bullock-drawn implements. And there are over 400 American agriculturists included in the program.

In my judgment this campaign for more food will do more to save Asia from communism than the stationing of many divisions of troops on that continent. It is food, not guns, that will stop communism in Asia.

The requested appropriation of $118 million also included significant, but much smaller funds for Pakistan, Burma, and Indonesia. Each of these countries is on the periphery of the Communist tide in the Far East. In these countries also our American assistance is concentrated on agriculture.

I again urge you to approve the full amount for economic aid in Asia.

2. Title V: Cut in section 10 (a), multilateral technical assistance

Authorization:	
Requested	$17,000,000
Senate allowed	14,417,000
House allowed	17,000,000
Authorized	15,708,750
Appropriation:	
Requested	15,708,750
House committee recommended	15,708,750
Cut on House floor to	9,171,333

Requested of Senate committee, full $15,708,750 authorized.

Of the $15,708,750 authorized and requested for appropriation, it is planned that $1 million would be used as a contribution to the Technical Cooperation Program of the Organization of American States which would permit the United States to pledge the same amount to the calendar 1953 program as it has pledged

to the calendar 1951 and 1952 programs. (As the United States maintains its contribution at not more than 70 percent of total pledges its actual contribution for 1951 is $895,000 and for 1952 will be between this amount and $1,000,000.)

The remaining $14,708,750 is requested for the United States contribution to the United Nations Expanded Program of Technical Assistance. From our fiscal year 1951 funds, we have contributed $12,007,500 to a total United Nations program of $20,070,260 for the 18-month period beginning July 1, 1950, and ending December 31, 1951 (United States contribution of 59.83 percent). From fiscal year 1952 funds, we are contributing $11,400,000 (of $12,000,000 appropriated) to a United Nations calendar year 1952 program of $18,956,499 (a United States contribution of 60.15 percent as of the present date). Since the United Nations' second program year is 12 months as compared with 18 months, the 1952 program of approximately $19 million represents a program increase of almost 50 percent.

A contribution of $14,708,750, with the United States at approximately 60 percent, would support a total United Nations program of approximately $24,514,000. This would represent a reasonable rate of increase for the United Nations program, although not as great as represented by the $27 million program which would have been possible if the amount requested to be authorized had been granted. Although modest in terms of our own bilateral program of technical cooperation, the program of the United Nations and its specialized agencies is achieving concrete results in bringing technical aid to 55 countries with funds contributed by 63 countries. In addition, the receiving countries themselves contribute locally to individual projects on the average an amount equal in value to the assistance received through the program.

For the United States, the United Nations program is an economical program. We are achieving the same things we attempt to achieve through our bilateral program with the other countries contributing to the budget bearing 40 percent of the cost. The United Nations program represents an encouraging and significant step forward in inducing the governments of the free world, as a whole, to join together in rendering to each other the sort of assistance which otherwise would fall almost exclusively on United States resources. Further, it is possible to achieve through the United Nations program results which cannot always be achieved through our bilateral program, due to the greater receptiveness of countries that must be strengthened to multilateral assistance under certain political circumstances.

The United Nations program is economical to the United States not only in terms of dollars, but in terms of personnel. Of the 1,024 experts recruited by the United Nations program by the end of March 1952, only about 27 percent have come from the United States. We are thereby able to conserve expert manpower frequently in very short supply, as is the case with medical personnel and sanitary engineers. Under the United Nations program, it is possible for the underdeveloped countries themselves to make a very special contribution, in the way of staff, to other underdeveloped countries. For example, Javanese experts in the development of shallow-water fish culture in tropical areas are introducing their techniques in Haiti and Thailand.

If the amount of $15,708,750 is appropriated, the United States representatives to the United Nations General Assembly this fall will be able to demonstrate continued strong United States' support for this multilateral program. If the amount of $9,171,333 allowed by the House is appropriated, the offering of this amount, following upon much more substantial contributions for the two preceding years, will be understood to mean a withholding of full United States support and will be capitalized on by the Soviets, who are not participating in the program, as a demonstration that the United States is only interested in extending assistance where it can exercise direct control through the bilateral relationship.

It is understood that the cut to $9,171,333 on the floor was offered on the following argument:

(*a*) The United States should pay no more than one-third to any United Nations fund—whether the regular budget or a special program of particular interest to the United States.

(*b*) In calculating the total to which one-third applies, no account should be taken of the local contributions of countries receiving aid.

(*c*) One million dollars should be reserved for the OAS program. Since the Department contemplates a total United Nations program of $24,514,000 (exclusive of local contributions), the amount of $8,171,333 should be appropriated as representing one-third of that total.

Comment.—The United States goal of one-third is relevant only to the United States contribution to the regular budgets of the United Nations and its specialized

agencies. Support for these budgets is compulsory on all members and the member contribution is a reflection of its status as a sovereign and equal member. It is to be assumed that all countries have a basic interest in the success of the regular program of the United Nations, and, therefore, the proportions of support should be leveled out. The special voluntary programs, like that of assistance to Palestine refugees (UNRWA) and technical assistance, are quite different and have been so recognized from the outset. Senator Vandenberg, in launching the United States drive toward a goal of one-third of the regular budget, made this quite clear as United States delegation spokesman in the United Nations.

The voluntary programs are supported by various countries in accordance with their own estimate of their interest and their ability to participate. The United Nations Technical Assistance Program is not supported by certain United Nations members, most significantly those of the Soviet bloc, and is supported by others who are not members, such as Switzerland and Cambodia. It has been very much to the credit of the United States that it has been prepared to support the United Nations program while being one of the few countries capable of carrying on such a program by itself alone. At the same time, it is recognized by all that 60 percent support on our part is most comparable to 100 percent support for technical assistance through bilateral channels; and is not to be compared with our contribution to the regular budget of the United Nations which now stands at 36.90 percent and is in the process of reduction to 33⅓ percent.

3. Title V: Section 12. United Nations International Children's Emergency Fund

Authorization:	
Requested (through June 30, 1953)	$24,000,000
Senate allowed (through June 30, 1953)	20,962,000
House allowed (through December 31, 1953)	12,000,000
Authorized—Mutual Security Act of 1952 (through December 31, 1953)	16,481,000
Appropriation:	
Requested (to December 31, 1953)	16,481,000
House committee recommended	16,481,000
Cut on House floor to	8,666,667

Requested of Senate committee, full $16,481,000 authorized.

Since its inception in 1946, the Children's Fund has brought a more concrete awareness of the United Nations to a larger segment of the world's population—the underfed and underprivileged who are the first targets of international communism—than any other United Nations program. As a voluntary program, it had had a strong humanitarian appeal for many governments and their people. The United States has supported it to date to the extent of a Government contribution of $80,750,000. This $80,750,000 was contributed in recognition of contributions in the amount of approximately $32,100,000 from other governments who, like the United States, had nothing material to gain, being motivated by humanitarian impulses. These governmental contributions to the central account of the Children's Fund have been supplemented by private donations from individuals and organizations in many countries. The contributions of the United States, these further governmental contributions in the amount of approximately $32,100,000, and private contributions have been more than matched by the contributions of governments receiving aid toward programs carried on in their territories. These receiving country contributions have averaged more than 115 percent of the allocations made by the Children's Fund for the benefit of children in their territories.

Last year, when we had paid out the amount last appropriated of $5,750,000, the record of governmental contributions stood as follows (in round figures):

(*a*) United States contributions	$80,750,000
(*b*) Equivalent contributions of other governments not benefiting from such contributions	32,100,000
(*c*) Contributions of governments receiving aid toward programs in their own territories	129,600,000
Total	242,450,000

In December 1950 the United Nations General Assembly decided to continue the Children's Fund through calendar year 1953; and at its meeting in 1953 to consider the future of the Fund. While the United States did not secure agreement at that time on certain organizational changes, it did secure agreement on reorientation of the program from the needs of children in Europe to those of the

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children of Asia, the Near and Middle East, and Latin America. Under this reorientation, emphasis has changed from emergency feeding of children, though much is still necessary outside Europe (Palestine refugees, drought victims of northern Brazil, Indian famine victims), to the provision of supplies and equipment to assist the governments of underdeveloped countries in developing maternal and child welfare centers, training of maternal and child welfare workers, conducting mass health campaigns, developing safe milk supplies, etc.

The level of United States support for the Children's Fund has already been seriously reduced. Compare the $75,000,000 contributed for the first 4 years with the $5,750,000 contributed last year. For the 2½-year period beginning with fiscal year 1952 and continuing through December 31, 1953, the amount of $16,481,000 requested would permit the United States to demonstrate continuing and sincere interest in international children's welfare work and would prevent the complete undermining of United States influence on the decisions to be taken in 1953 with respect to the future of the Children's Fund.

The authorizing legislation specifically recognizes that it is reasonable for the United States to contribute up to one-third of total governmental contributions, including the contributions of governments for the benefit of persons within their own territories. The $6,666,667 allowed by the House could be immediately claimed by the Fund, inasmuch as other governments have contributed or pledged, beyond the $32,100,000 cited above, an amount of approximately $3,800,000 which has not been recognized by the United States. This total of approximately $3,800,000 together with local matching of 115 percent, would justify a United States contribution of almost $10,000,000 under the one-third formula. If the amount of only $6,666,667 were available, the United States today would not be able to implement a matching relationship which the Congress has indicated by law that it considers reasonable, and there would be no funds available to be contributed in recognition of the additional contributions and pledges which will be forthcoming from other governments between now and December 31, 1953. The amount of $16,481,000 requested is urgently required to continue United States participation in the Children's Fund at a level which adequately takes account of United States interest.

It appears that the House proceeded on the thesis:

(*a*) The fiscal year 1952, during which the Children's Fund hoped to allocate $30,000,000, and for which there has been no United States money beyond the $5,750,000, is past. Therefore, no United States money should be made available at this time with respect to that period.

(*b*) The fiscal year 1953 target for collections for the United Nations Children's Fund is $20,000,000. The United States "one-third" formula should be one-third of this $20,000,000, and not one-third of this amount plus the 115 percent matching contribution of countries receiving aid—$6,666,667 is one-third of $20,000,000.

Comment.—Any application of the one-third concept to the Children's Fund must appropriately take into account the contributions of governments receiving assistance, as this is specifically provided for in the authorizing legislation. Further, it is greatly in the United States interest that it now contribute an amount sufficient to make up for the unavailability of contributions during the fiscal year 1952, so that the United States contribution may be in an appropriate amount for the total 3-year period.

4) Effect of Jensen Amendment in operations of Department of State:

(a) Funds for headquarters staff of the Technical Cooperation Administration and for Administrative Support Personnel Overseas.—I agree fully with what Mr. Harriman said earlier about the need for adequate funds to support a vigorous headquarters staff. Gentlemen, the budget before you has already been drastically reduced by virtue of the so-called Ribicoff amendment to the authorizing legislation. The House last Saturday voted an amendment offered by Congressman Jensen which further reduces this appropriation by 15 percent. This results in an aggregate cut of 20 percent below personnel on board June 1, 1952. All of this comes just at the time our field operating programs in foreign countries are gaining momentum. This personnel reduction would be so drastic that we would be extremely handicapped in meeting our commitments to foreign governments in underdeveloped areas. As an example the headquarters staff of TCA would be working with 393 employees by comparison with minimum requirements of 560 people. I must state categorically to this committee that such a drastic cut seriously undermines the ability of the Department of State to assert that leadership and direction of this program which is expected of it by the Congress.

Technical personnel.—Should the Jensen amendment be accepted our efforts to

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place technical personnel in foreign countries would be halted far short of that minimum required to gain the full impact in our foreign policy objectives. Bear in mind, gentlemen, that technical assistance program is basically a program of personnel and technicians. This proposed reduction in technicians hits at the very heart of this total effort.

(b) *Government in occupied areas.*—Gentlemen, as you know, this bill, in addition to providing money for the Mutual Security Program, also carries our State Department money for Germany and Austria. This money is in title II of chapter 9, in the appropriation "Government in occupied areas." You will recall, I am sure, that Mr. McCloy and Mr. Donnelly appeared before this committee a few weeks ago to testify on behalf of this appropriation.

The action the House took Saturday, reducing personal services by 15 percent, apparently applies to the Government in occupied areas appropriation. This represents a very serious reduction in the programs presented to you by Mr. McCloy and Mr. Donnelly and will very much handicap our operations in Germany and Austria.

You will recall from Mr. McCloy's testimony and from the comments of several of the Senators who attended the hearing that Mr. McCloy has each year, for the past several years, budgeted important reductions and has carried them out. For 1953, the budget request for Germany included a 40 percent staff cut from 1952.

I, therefore, feel we have submitted a very conservative and conscientiously prepared budget for 1953. Any further staff reductions will seriously impair our ability to carry out our responsibilities in Germany.

In Austria, the continuing stalemate with the Soviets precludes further reductions in 1953. The current staff is substantially lower than that maintained a year and a half ago, but further reductions must wait until we can reach a general agreement on Austria.

I am therefore requesting that you take action to either eliminate this rider completely or to exclude the appropriation for Government in Occupied Areas from its applicability.

In addition to the floor action limiting personal services, the House approved its Appropriations Committee recommendation for a reduction in the Government in Occupied Areas appropriation for 1953 from the $20,500,000 requested for Germany and Austria to $19,000,000. Because we will have flexibility in applying this $1,500,000 cut, it will not hurt us as badly as the personal services limitation. However, it will mean a real reduction in our programs in Germany and Austria, and one that we can ill afford to make at this point. I therefore urge that you give consideration to restoring this reduction.

5. United States contribution to the United Nations Korean Reconstruction Agency

Summary statement.—It is the established policy of the United States to provide economic assistance for the Republic of Korea by contributions to the United Nations Korean Reconstruction Agency (UNKRA) which was established by the General Assembly of the United Nations to provide for relief and rehabilitation in Korea. The military aggression against the Republic of Korea has caused vast damage to its economy resulting in the necessity that economic assistance be furnished to enable the Korean people to survive the ravages of war. The over-all purpose of UNKRA's economic assistance program is to help the Korean people in their own efforts, first to provide the basic necessities of life and then to restore a self-sustaining economy. During the continuance of hostilities, the unified command has the primary responsibility for civilian relief in Korea. After the cessation of hostilities and as soon as military circumstances permit, such responsibility will be transferred to UNKRA which will also assume responsibility for rehabilitation.

The United States has pledged, subject to the approval of the Congress, $162.5 million as its share of the initial $250 million program of UNKRA. For fiscal year 1952 the Congress authorized and appropriated $51,465,900, of which $10 million has been disbursed; and the Congress authorized, but did not appropriate, and additional $45 million.

H. R. 7005 authorizes (1) extending through fiscal year 1953 the fiscal year 1952 authorization of $45 million and (2) carrying over the unexpended balance of the fiscal year 1952 appropriation. It also authorizes the United States Department of the Army to make available toward the United States contribution to UNKRA, at the time when that Agency assumes full responsibility for relief and rehabilitation in Korea, the civilian relief supplies of the Army pipeline to Korea

of a value not to exceed $67.5 million. H. R. 7005 provides for fulfilling the United States pledge of $162.5 million to the following extent:

	Million
Disbursed in fiscal year 1952 to date	$10
Fiscal year 1952 authorization extended through fiscal year 1953	45
Carry-over of fiscal year 1952 unexpended balance	41. 465, 9
Transfer of Army pipeline of value not to exceed $67.5 million	66. 034, 1
Total	162. 5

Present need for appropriation.—It is necessary that the proposed United States cash contribution of $86,465,900 be available for UNKRA as soon as hostilities cease. The immediate need then arising must be provided for by appropriation in advance. Although UNKRA will not take over full responsibility from the military before 6 months after the cessation of hostilities, UNKRA must begin immediately after hostilities cease to commit large amounts toward building up its own pipeline, a pipeline which will require a much longer lead time than the 3 to 6 months pipeline which the Army has been able to maintain because it could draw to a large extent upon an already established reserve supply.

UNKRA's initial $250 million program.—The General Assembly has approved a $250 million program for UNKRA for an initial period estimated to be approximately 1 year of full-scale operation. The item allocation of the initial $250 million program of UNKRA is based on estimates of needs made during hostilities and remains flexible to meet the needs as they are encountered. For the first year of full-scale operation, probably two-thirds of the expenditure will be required for relief and sustaining commodity imports such as food, clothing, shelter, and fertilizer, and the remainder will be divided among needs such as public health, education, and general rehabilitation. The program provides for a start on rehabilitation in such fields as housing, public health, education, public welfare facilities, agriculture, fishing, electric power, textiles, shipping, inland transportation, and communications.

UNKRA'S immediate program pursuant to the agreement between UNKRA and the unified command.—An agreement has been entered into between UNKRA and the unified command providing for assumption by UNKRA of full operational responsibility for the relief and rehabilitation of Korea at a time 6 months after the cessation of hostilities, unless the military situation will not, at that time, permit such a transfer of responsibility. The agreement further provides for joint committees to work out programs; and such committees are now functioning in Pusan, Tokyo, and Washington. The Washington committee is composed of representatives of the Department of Defense, the Department of State, and UNKRA. Through this joint programing machinery, the agent general may propose projects for operation either by the military authorities or directly by UNKRA during the present military phase, even in advance of the cessation of hostilities. A number of such projects, which have received approval of the United Nations command, are being currently carried out by UNKRA. Accordingly, the Advisory Committee to the Agent General, of which the United States is a member, has authorized the expenditure of some $8 million for this purpose, and the Advisory Committee has under consideration an expanded program of an additional $14 million for authorization by July 15, 1952. Projects considered and approved by the Advisory Committee for execution, if concurred in by the United Nations command, include the provision of fishing nets urgently needed for augmenting the food supply, the reestablishment of a merchant marine school, the importation of poultry and farm animals, a number of rehabilitation projects in the fields of education, vocational training, and public health, the inauguration of specific engineering surveys and the development of detailed blueprints for power, mining, and other industrial installations essential to the rehabilitation of the Korean economy.

UNKRA is assigning personnel to the United Nations civil assistance command during the period while that command is responsible for Korean relief and rehabilitation. In this way, UNKRA is able to give immediate help to Korea as well as to insure an efficient and swift changeover when UNKRA assumes full responsibility. UNKRA already has approximately 75 people in Korea assigned to the provincial relief teams and otherwise working under direction of the civil assistance command. This staff is engaged in the distribution of relief supplies, the prevention of epidemics, and related health and welfare activities, as well as in short-term economic rehabilitation. UNKRA has recently received request for an additional 63 such persons; and further substantial requests for such personnel are anticipated.

AID TO SOUTH ASIA

Mr. BRUCE. I have an interpretative oral statement from the written statement, which I will waive completely. But there is one point I would like to speak on briefly. In the action taken by the House there will be a very large diminution in the amount of aid that was to be furnished to south Asia. The cut was from $118 million to $67 million. That was on top of a $32 million cut from the President's request. That gets you into this field of TCA. And Mr. Andrews, who is the Director, is here, and at any time during the consideration of this bill that it were possible for Mr. Andrews to testify on what the effect of that would be on his particular operations in India, I should like very much if he would be permitted to do so.

But I would like for myself to say this, from an international political standpoint, without entering into the details.

Many of you are very familiar with what had been proposed to be done in India through the use of this money, which has been now so drastically curtailed. That program was one primarily directed to increasing the food supply in that overpopulated part of the world. That was to be achieved, as you know, by technical assistance in the true sense of the word, chiefly agricultural.

A little over 70 percent of it was to be directed to the improvement of a standard of living through making India more self-sufficient in food. Running with that was the necessity to expand those facilities in which they are so sadly deficient for the furnishing of water. In turn, the supply of pipe is involved in that. That program is one which I know has been of great interest to the members of this committee and other Members of the Senate as well, which Mr. Bowles talked about at great length when he was here.

We regard this particular item, not only from the standpoint of our general policy, but from the standpoint of the adverse effects which it may have with regard, particularly to India, as of great importance.

We hope the committee will reexamine the position taken by the House in this particular regard, and that they might be willing to have Mr. Andrews at least mention to you what its implications will be on the carrying out of this program.

IMPROVEMENT IN POSITION OF FREE WORLD

Senator ELLENDER. Mr. Bruce, I notice in your statement on page 1 in the fourth paragraph that you say:

> Today this risk has been gravely increased.

Do you mean the risk of attack by Russia? Our security?

Mr. BRUCE. I think that refers back to the preceding paragraph, Senator, as to these reductions involved stretching out of the period of insecurity.

Senator ELLENDER. But I say: This insecurity is as to Russia?

Mr. BRUCE. Yes, sir.

Senator ELLENDER. How do you square that statement with the statement made by General Eisenhower the other day, his statement of the Russian menace? You are familiar with the statement?

Mr. BRUCE. No, sir; I did not read the general's statement.

Senator ELLENDER. He said we should not fear the Russians any more than a buch of tadpoles.

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Senator CORDON. "Polliwogs" was the term.

Senator ELLENDER. He had just returned from the Continent, and I am sure the statement made by him was more or less effective among some people.

I am just wondering: How do you feel about that statement?

Mr. BRUCE. I have heard General Eisenhower discuss this question quite often. I am not familiar with this most recent utterance.

Senator ELLENDER. I am going to put the exact quotation in the record.

(The statement referred to follows:)

[PRESS RELEASE]

In a brief off-the-cuff talk at a Sigma Delta Chi (professional journalism society) meeting on June 17, General Eisenhower said: "There is a lot of scary talk about Russians but I do not believe every Russian is 14 feet high. The American people, working together, can conquer all the problems that face all the nations. If we are deserving of the heritage of freedom, there is no more reason to fear 190 million backward people, living on the Eurasian continent, surrounded by captive and recalcitrant states, than there is to fear pollywogs swimming down a muddy creek."

(Information furnished by Mrs. Downing of the Eisenhower-for-President headquarters, Washington, D. C.)

Mr. BRUCE. I think, in general, Senator, the position of the free world has improved vis-à-vis Russia very substantially over the last 2 years. That Russia continues to be a menace, I do not think anybody can doubt. What we are directing our attention to now is to the rate of build-up so as to further increase those defensive forces which, if called upon in the event of an aggression, might be able to cope with Russia.

Now, it is anybody's guess as to whether Russia is going to move, or when it is going to move, whether it is going to move only in the field of the cold war or also in the field of the hot war.

I think our apprehension has been that a military program such as was outlined some time ago has not been complied with because of the lack of resources.

Now, one of the great centers of resources is ourselves. Every curtailment which is made in the appropriations which, after careful investigation, are deemed to be necessary in order to accomplish this build-up, the determination of which comes about as a result of long study not alone by our military people but by those of all of our associates—every such curtailment does subject us to a serious risk if the time element is of importance.

Now, as I say, that time element is a matter of estimation and guess.

FORMER RUSSIAN LOAN

Chairman MCKELLAR. We ourselves a few years ago gave Russia about twelve billions of dollars. She owes us that sum now. She owes us the interest on it. She has never paid any of the interest, never paid any of the principal. Do you think Russia will ever pay us any part of the debt which she owes us? I do not. I am very frank to say that I do not.

Mr. BRUCE. Well, in view of the amount that they have offered us, Senator, I would say that the eventual return on our claims against Russia is going to be very small.

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RUSSIAN OFFER

Chairman McKELLAR. What did they offer?

Mr. BRUCE. The last offer I think was something like 300 million dollars, and the return of certain ships.

Chairman McKELLAR. I think we ought to take it. By heavens, that is more than I ever expected to get out of it. I am glad to hear that we have been offered even that.

Senator KNOWLAND. Mr. Chairman, I have no objection to the distinguished Senator from Louisiana putting in the paragraph to which he referred from General Eisenhower's remarks, but if it goes in then I would ask that General Eisenhower's whole statement go in. Because sometimes I think that a paragraph that may have been lifted by the newspapers out of context, when read with the entire statement, might have a different implication to it. I am sure General Eisenhower has as great a knowledge of the defense needs of this country as anyone, and while I do not happen to be supporting him for the nomination, and I am supporting Governor Warren, nevertheless I think in fairness to the General if a part of the statement is to go in the whole statement should go in.

Chairman McKELLAR. Do you have any objection?

Senator ELLENDER. No, indeed.

Chairman McKELLAR. The whole statement, without objection, will go in. We do not want to be unfair to anybody.

(The statement referred to appears on p. 128.)

Mr. HARRIMAN. May I put into the record what I was going to read and this other statement? I will give them to the clerk, if I may.

Chairman McKELLAR. Very well.

(The statements referred to follow:)

STATEMENT BY W. AVERELL HARRIMAN, DIRECTOR FOR MUTUAL SECURITY

I am glad to have this opportunity to appear before this committee in order to explain and support the request for funds which have been authorized by the Congress in order to carry on the Mutual Security Program during the fiscal year 1953.

Since March 13, when I appeared before the authorizing committees of congress, the entire Mutual Security Program has been carefully studied and fully debated by the Congress. For this reason I need not dwell at length on fundamental principles which we all accept.

We know that a small group of men in the Kremlin is determined to dominate the world. We know that they will try any method, however foul, however costly in human lives, if they think that it will help achieve their imperialist ends. They do not hesitate to add the lies about germ warfare to their "Hate America" campaign. They will do everything they can to prevent Germany from joining the European Defense Community.

Our goals are clear. The non-Communist world must become strong. It must remain free, and it must make progress. The Congress has consistently supported the measures necessary to achieve these goals. We are building the strength of the free world. We are forging military power to deter aggression. We are helping friendly, but underdeveloped, nations to achieve with freedom the conditions of economic and social progress so essential to world peace and security. We are fostering the unity of free peoples who are now aroused to defend their freedom. We are building real hope for and confidence in the progress which is possible when free men work together.

In short, we are getting on with the job. It seems to me, then, that the question for us today is: Will this Mutual Security Program give us the greatest increase in the strength of the free world with the least strain on the economy of the United States? I want to spend the remainder of my time in trying to show you that we have built into this program every possible guaranty of economy that is consistent with the attainment of our security objectives.

In the first place, we are not trying to help create—around the world—the armed forces which would be required to fight a total war tomorrow. We are

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